Daily Report

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FBIS-LAT-91-057 *25 March 1991*

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Caribbean Teams View Economic, Social Challenges

FL2203015591 Bridgetown CANA in English 1918 GMT 21 Mar 91

[Text] Washington, March 21, CANA—Caribbean delegations attending the annual meeting of the Inter-American Economic and Social Council (CIES) have been outlining the urgent challenges facing the region in light of the present economic and social crisis.

"The most urgent challenge which will continue to confront the countries of our subregion, and indeed the entire hemisphere, is the imperative of sustained economic growth with debt management," Jamaican delegate Evadne Coye told the four-day meeting here. Coye, who was elected vice-chairperson of CIES general committee, said the "persistently onerous burden" of repaying foreign debt presented a threat to "the economic and social fabric of our societies" as well as democracy.

She said "a rigorous approach to debt management will require the continued implementation of policy measures to deal with the structural rigidities of our economies." Coye reminded the CIES meeting of the fact that "the Caribbean countries expressed concern that, on the basis of current trends, an important buffer, that of external financing which has assisted our member states in achieving growth with adjustment, will become less available during the 1990's."

"Without that buffer," she said, "the process of economic diversification through structural adjustment will be a very harsh one." "For Jamaica," Coye went on to say, "the gravity of this problem cannot be overemphasised."

Anne-Marie Blackman, the delegate from Barbados, told CIES that "monumental changes have swept the globe reshaping the geo-political and economic landscape, and bringing in their wake the need for adjustment and for pro-active policies."

"As we enter the decade of the 90's," she said, "the countries of Latin America and the Caribbean face an array of socio-economic challenges while continuing to grapple with the residual issues of the 1980's."

"Such challenges include, but are not limited to the achievement of adjustment with growth, access to development financing, reduction of external debt, the strengthening of financial and fiscal management, attracting of foreign investment, economic diversification, stimulation of the productive sectors, and the strengthening of those sectors, such as tourism, demonstrating the greatest potential for growth."

In emphasising the importance of integration to achieve those goals, Blackman said Barbados "continues to be a firm proponent of integration." In this context, she said that the Enterprise for the America's Initiative launched by President George Bush of the United States, "presents a major challenge and demands an urgent response."

The Barbadian delegate stressed the need "to take account of the particular problems and needs of subregions and of the less developed countries, and particularly small states." She also said that attention must be paid to the special needs of the Caribbean Island states "and the need to support their efforts at sustained economic growth and development."

Joseph Curry, the delegate from the Bahamas, told CIES that "as we meet, our countries are facing some of the most pressing and demanding economic and social challenges in recent history." He pointed out that "the important dialogue on these challenges will serve to give greater awareness not only to the problems themselves, but also seek to introduce mechanisms through which they can be addressed."

In noting the concerns of the Government of Bahamas over the current economic conditions, he mentioned "the high priority that tourism is now receiving in this body, not only as it relates to the Caribbean, but in other parts of the region."

"Tourism," Curry said, "is the single most important industry and revenue earner in the Bahamas and employs about 65 percent of the workforce."

"The Bahamas Government," he concluded, "continues to emphasize tourism development and foresees this industry as leading the Bahamas into the 21st century."

Mercosur To Sign Trade Accord With U.S.

PY2203232091 Montevideo LA HORA POPULAR in Spanish 17 Mar 91 p 2

[Excerpts] The nascent Common Market of the South [Mercosur] is already negotiating its first international treaty that will be signed with the United States within the framework of the Americas Initiative proposed by President Bush. Foreign Minister Hector Gros Espiell has told LA HORA POPULAR that it will probably be signed in 30 days.

The Foreign Ministries of Argentina, Brazil, Paraguay, and Uruguay have been secretly negotiating with the United States the text of what is being called the Four Plus One Treaty, a name that reminds us of the "Two Plus Four Conference" for German reunification, among the winners of World War and the two Germanys.

Gros Espiell said that the treaty has not yet been issued, but that they have "practically" found formulas to overcome the confrontation regarding commercial policy matters on copyrights and telecommunications between the United States and Brazil at the GATT Uruguay Round.

The foreign minister reported that the treaty does not include tariff or quota formulas, but that it is a "draft treaty" [tratado marco] that expresses the parties' desire to act jointly for free trade, the development of relations, and economic cooperation. [passage omitted]

The Mercosur governments' signing of the Four plus One treaty signals their businessmen, the U.S. Government, and also the Chilean Government that declined the invitation, that this will not be a protectionist common market, but that it will be open to the world market, in accordance with liberal theories.

Text of Mercosur Common Market Treaty Released

PY2203205391 Asuncion ABC COLOR in Spanish 11 Mar 91 p 8

["Text" of treaty establishing the Common Market of the South, Mercado Comun del Sur, Mercosur, which will be signed by Argentina, Brazil, Paraguay, and Uruguay in Asuncion on 26 March]

[Text] Treaty project for the creation of a common market between the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay, and the Oriental Republic of Uruguay.

The Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay, and the Republic of Uruguay, hereafter referred to as "Parties,"

Considering that the expansion of their current markets through integration is an essential condition for accelerating their economic development with social justice;

Considering that this objective must be accomplished through more efficient use of their available resources, preservation of the environment, coordination of macroeconomic policies, and supplementation of various sectors of their economies based on the principles of gradualism, flexibility, and equilibrium;

Considering the evolution of international events, especially the consolidation of major economic blocs, and the need to occupy an appropriate place in the international community;

Considering that this integration process provides an appropriate response to those events;

Aware that this treaty must be considered a step forward in the effort to gradually promote integration in Latin America, in keeping with the Treaty of Montevideo of 1980;

Convinced that it is necessary to promote the scientific and technological development of the Parties and to modernize their economies to increase demand and improve the quality of their available goods and services to improve their people's standard of living; and

Reaffirming their political will to lay the groundwork for promoting increasingly stronger unity between their peoples with an eye to achieving the aforementioned objectives,

Agree to:
Chapter I
Purposes and Principles

Article 1: The states decide to create a common market that must be ready to function by 31 December 1994, and it will be called the Common Market of the South (Mercosur).

This market implies:

The free circulation of goods, services, and production factors between the countries through, among others, the elimination of customs duties, nontariff restrictions on the circulation of merchandise, and any other equivalent measure;

The creation of a common external tariff, the adoption of a common trade policy as related to third states or groups of states, and coordination in regional and international economic-trade forums;

The coordination of macroeconomic and sectorial policies between the Parties in the foreign trade, agricultural, industrial, fiscal, monetary, exchange, capital, services, customs, transport, communications, and other sectors that are agreed upon to ensure adequate competitive conditions between the parties;

The commitment of the parties to harmonize their legislation in pertinent sectors to strengthen the integration process.

Article 2: The common market will be based on reciprocal rights and obligations between the parties.

Article 3: During the transition period, which will extend from the date of enforcement of this treaty until 31 December 1994, and to facilitate creation of the common market, the Parties will adopt a general system of origin, a system for the settlement of controversies, and safety clauses, which have been attached as Annexes 2, 3, and 4 to this treaty.

Article 4: In relations with third countries, the Parties will try to arrange equitable commercial terms. To this end, they will enforce their national laws to ban imports that are protected by subsidies, dumping [preceding word in English], or any other disloyal measure. At the same time, the Parties will coordinate their laws to design common regulations on commercial competitiveness.

Article 5: During the transition period, the following will be the main instruments for creation of the common market:

a) A commercial liberalization program that will consist of progressive, linear, and automatic tariff reductions plus the elimination of nontariff restrictions or equivalent regulations and other restrictions on trade between the Parties. On 31 December 1994, tariffs should be at the zero level and there should be no nontariff restrictions on any taxable products (Annex 1);

b) Macroeconomic policies, which will be gradually coordinated. The coordination of policies will be simultaneous with implementation of the programs of tariff

reduction and elimination of nontariff restrictions referred to in the previous paragrapn;

c) A common external tariff that will promote the external competitiveness of the Parties;

d) Sectorial agreements that will optimize the use and mobilization of production factors and promote efficiency.

Article 6: The Parties recognize that the Republic of Paraguay and the Republic of Uruguay will take more time to implement treaty regulations, in keeping with the parameters included in the Commercial Liberalization Program (Annex 1).

Article 7: Concerning taxes, fees, and other internal tariffs, the Parties will give products originating with another Party the same treatment they give their national products.

Article 8: The Parties promise to fulfill the commitments assumed at the date of the signing of this treaty, including agreements signed within the framework of the Latin American Integration Association [Aladi], and to coordinate their positions in external commercial negotiations carried out during the transition period. Therefore:

a) They will avoid affecting the interests of the Parties in commercial negotiations carried out among themselves up to 31 December 1994;

b) They will avoid affecting the interests of the other Parties or the objectives of the common market in agreements that may be signed with other Aladi country members during the transition period;

c) They will, when necessary, hold prior consultations before negotiating broad tariff reduction programs seeking the formation of free trade zones with other Aladi country members; and

d) They will automatically extend to the other Parties any advantage, favor, franchise, immunity, or privilege that might be granted to a product originating from or earmarked for third countries that are not members of Aladi.

Chapter II

Organizational Structure

Article 9: Administration and implementation of this contract and of the specific agreements and decisions adopted within the legal framework established during the transition period will be entrusted to the following organizations:

a) The Common Market Council

b) The Common Market Group

Article 10: The council is the highest entity of the common market, in charge of political affairs and decision making to guarantee fulfillment of the objectives and deadlines established for the definite constitution of the common market.

Article 11: The council will be made up of the foreign and economy ministers of the Parties.

They will meet whenever they deem necessary and at least once a year, they will meet with the participation of the presidents of the Parties.

Article 12: The presidency of the council will be exercised by rotation of the Parties in alphabetical order for six-month periods.

Council meetings will be coordinated by the foreign ministers and other ministers or ministerial-level officials can be invited to participate in those meetings.

Article 13: The Common Market Group is the executive entity of the common market and will be coordinated by the foreign ministers.

The Common Market Group will have the power to take initiatives. Its functions will be as follows:

- To monitor fulfillment of the treaty;

- To adopt the necessary measures for fulfillment of decisions adopted by the council;

- To propose concrete measures for implementation of the Commercial Liberation Program, for coordination of macroeconomic policies, and for the negotiation of agreements with third parties; and

- To set the working program that will guarantee the advance toward the constitution of the common market.

The Common Market Group will be able to organize working subgroups that may be necessary for the fulfillment of its duties. Initially it will have the subgroups mentioned in Annex 5.

The Common Market Group will establish its internal rules within 60 days of its installation.

Article 14: The Common Market Group will be made up of four members and four alternate members per country, who will represent the following public organizations;

- The Foreign Ministry;

- The Economy Ministry or its equivalent (areas of Industry, Foreign Trade, and Economic Coordination), and

- The Central Bank.

To prepare and propose concrete measures for the development of its work, up to 31 December 1994, the Common Market Group will be able to call, when it finds

it necessary, representatives of public administration organizations and of the private sector.

Article 15:

The Common Market group will have an administrative secretariat whose main duties will be to keep documents and announce the Common Market activities. It will be seated in Montevideo.

Article 16:

During the transition period the Common Market Council and the Common Market Group will be comprised by consensus and with the presence of all the Parties.

Article 17:

The official languages of the Common Market will be Spanish and Portuguese, and the official version of the work documents will be rendered in the language of the country that hosts each meeting.

Article 18:

Before the establishment of the Common Market on 31 December 1994, the Parties will hold a special meeting to determine the definite institutional structure of the Common Market administrative organizations and their specific attributions as well as their decisionmaking system.

Chapter III
Validity
Article 19

The term of this treaty will be indefinite, and it will come into effect on the day the third ratification instrument is signed. The ratification instruments will be kept by the Government of the Republic of Paraguay which will inform the governments of the rest of the Parties of the date they are signed.

The Government of the Republic of Paraguay will inform the governments of each of the Parties of the date on which this treaty comes into effect.

Chapter IV
Membership
Article 20:

This treaty will be open for membership through negotiation by the rest of the member countries of the Latin American Integration Association, and their membership petitions will be examined by the Parties five years after this treaty comes into effect.

However, membership petitions from Aladi member countries which are not part of any subregional integration association or any organization outside the region may be considered before the five-year term expires.

Membership petitions must be unanimously approved by the Parties.

Chapter V
Abrogation
Article 21:

The Party that wishes to abrogate this treaty must formally inform the rest of the Parties of its intention and deliver a formal abrogation document within a 60 days to the Paraguayan Foreign Ministry which will distribute it to the rest of the Parties.

Article 22:

Once the formal abrogation document is delivered, the abrogating Party will no longer hold the rights and obligations that correspond to it as a Party, except for the rights and obligations corresponding to the commercial liberalization program of this treaty and to other aspects which will be agreed upon by the Parties and the resigning Party within 60 days after the abrogation document is formally presented. These rights and obligations of the abrogating Party will continue in effect for two years beginning on the date the formal abrogation document is presented.

Chapter VI

General Dispositions

Article 23:

This treaty will be called "Treaty of Asuncion."

Article 24:

The executive branches of the Parties will keep their respective legislative branches informed about the evolution of the Common Market discussed in this treaty. They will also request that the agreements submitted for their consideration be given priority treatment.

Signed in the city of Asuncion, 26 March, 1991, in an original copy in two languages, Spanish and Portuguese, with identical texts. The Government of the Republic of Paraguay will keep this treaty and will send an authorized copy to the governments of the other Parties that sign this treaty.

Andean Pact Seeks To Liberalize Air Transport

PY2303182491 Lima Radio Nacional del Peru Pachacutec Network in Spanish 1200 GMT 23 Mar 91

[Text] The civil aviation authorities of Bolivia, Colombia, Peru, Ecuador, and Venezuela have approved several agreements in Lima with the aim of liberalizing air transportation between Andean Pact countries. One of the agreements sets forth that the airlines of Andean Pact members can pick up passengers in any member country's city. Aeroperu [Peruvian State Airlines] will thus be able to fly between Barranquilla, in Colombia, and Maracaibo, in Venezuela.

Cuba

Castro Addresses Students; Speaks of Childhood

PA2403034991 Havana Tele Rebelde and Cubavision Television Networks in Spanish 0124 GMT 24 Mar 91

[Text] The following are excerpts of the speech delivered by Commander in Chief Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba and president of the Councils of State and Ministers, at a meeting to convoke the 8th Congress of the Federation of Intermediate Level Students, FEEM.

[Begin Castro recording] You have appointed me as your delegate at the congress by giving me a bicycle. If I have to ride that bicycle, I am in trouble because I have always been a poor cyclist. Imagine a peasant from Biran in Havana. The worst part is that when I came I did not know how to ride a bicycle. We did not have bicycles in Biran. I did not know [words indistinct]. It was a miracle that I was able to make it to the streetcar with that bicycle and that I was able to return to the place from where I had rented it. I do not remember that place well. I think it was not too far from the school.

In addition, [words indistinct] a narrow door, and I crashed badly. This happened in the midst of a big basketball championship. I had been very excited because I had been accepted as a regular team player but I spoiled this with the bicycle crash. That season they had to scratch me out of the championship. The accident had been rather serious and in those days medical attention was not as good as it is now. But, fate is fate. [end recording]

Before concluding, the commander in chief discussed the international situation as well as the role that young Cubans are playing in this period.

[Begin Castro recording] There is no doubt that it is a privilege to have been born in this century, in the second half of this century, at a transcendental period in the history of mankind, in this period in which you have been born, and not in in the fifteenth, the sixteenth, the seventeenth, or the eighteenth centuries, not even in the nineteenth century or in the first half of the twentieth century. [applause]

This is why in addition to congratulating you on what you have done and in addition to wishing you success in preparing your congress and to urging you to work for FEEM, at whose congress we will see each other again to analyze problems more in depth, I hereby state and vow with stronger-than-ever justified conviction: Socialism or death! Fatherland or death! We will win! [end recording]

Speaks of Youth's Commitment

PA2503040991 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 25 Mar 91

['Exclusive' interview with Commander in Chief Fidel Castro Ruz by unidentified reporter following the official announcement of the Eight Congress of the Federation of Intermediate Level Students, FEEM, on 23 March in Ciudad Libertad—recorded]

[Text] [Castro] Do you have any questions?

[Reporter] Yes commander. We are now in Ciudad Libertad, which is a very historical place. What comes to my mind when I think of this place is the death of a very young combatant, as young as we are, and as young as those who are meeting here tonight. Does this have any special meaning for you?

[Castro] Are you referring to comrade...

[Reporter, interrupting] Eduardo Garcia.

[Castro] Eduardo Garcia? Whenever we remember him, we are always deeply touched and impressed, and we feel committed. By remembering him, we feel more committed to the revolution each minute and each second, and we would like to do more, if possible, for the revolution. This is one case. I cannot talk much about this case as it touches me personally, because he wrote my name with his blood.

[Reporter] Commander ...

[Castro, interrupting] [Words indistinct] the greatest thing a [word indistinct] can receive in his life: the pure blood from that youth. It was an extraordinary example of heroism. However, I am sure that if our people were tested, there would be millions like him, not willing to write a name, but to save their homeland and to give their blood if necessary.

[Reporter] Commander, tonight we have seen once again that the Cuban youths are willing to defend the revolution. In the past few days we have seen you very close with the youth. We visited the camp in El Paraiso. This same generation has contributed to the food program. This...

[Castro, interrupting] [Words indistinct] even younger.

[Reporter] Yes, younger.

[Castro] It is very gratifying to see them doing these things. It is very gratifying, because generally, youths are characterized by a new spirit. This is a fruit of the revolution. I see that what constitutes a real promise is that those who are now in [word indistinct] can be like those who are in El Paraiso, or like those who today received flowers in memory of those who fought in Cuito Cuanavale [Angola].

Raul Castro Tours Western Army Territory

PA2503035391 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 25 Mar 91

[Text] Army General Raul Castro has made an extensive tour throughout the Western Army territory. Army Gen. Raul Castro Ruz, second secretary of the Central Committee of the party and minister of the Revolutionary Armed Forces [FAR], extensively toured the military units, defense sites, centers of studies and development, agricultural projects, and other important sites in the Western Army territory.

The main purpose of the visit was to inspect the area and see how the directives of the commander in chief for the special period in times of peace are actually being controlled and implemented; to verify the work on the preparations and readiness for defense; to inspect the support for voluntary work; and to inspect the condition of the theater of military operations and the initiatives that are being implemented in military operations.

The FAR minister held many meetings with chiefs, officers, sergeants, soldiers, civilians, and leaders of the territory. During talks with the fighters, Raul emphasized the importance of the people's concept of war in preparing us for defense and how the experiences of the Gulf war confirms that we are on the correct path.

When referring to the study being done on reducing the active military service term, the FAR minister said this was possible due to the country's defensive strength, the high cultural level of the youth, the constant strengthening of our reserves, and the trust we have in the younger soldiers.

The highlight of the visit was when the second secretary of the Central Committee of the party participated in the Army's Military Council, which valued the work being done in the units and in the central territory to cope with the restrictions of the special period. To this effect, Comrade Raul particularly emphasized the effectiveness of the measures mentioned in the directives of the commander in chief and the importance that these measures be controlled from the Army to the battalion. The Military Council also valued the progress made in the reforestration program throughout the territory.

Later, the FAR minister held a meeting with a large group of officers from all the military units of the command; he referred to the Western Army's work, devotion, and loyalty, which has reulted in the consolidation of everything that has been achieved. He also pointed out the importance of maintaining a high level of cooperation among the armies. To this effect, he urged the Western Army to struggle to obtain the FAR's best command award this year.

The extensive tour and the many meetings with the fighters made it possible to verify the significant achievements of the Western Army as well as to emphasize the policy to follow in solving the problems that still prevail.

Commander of the Revolution Juan Almeida Bosque, member of the Politburo; Division General Ulises Rosales del Toro and Roberto Robaina Gonzalez, both of them alternate members of the politburo; as well as Division General Leopoldo Cintra Frias, member of the Central Committee and chief of the Western Army, also participated in the tour.

CDR Secretariat Announces Restructuring Process

FL2303190091 Havana Tele Rebelde Network in Spanish 1800 GMT 23 Mar 91

[Italicized passages are recorded]

[Text] The National Secretariat of the Committees for the Defense of the Revolution [CDR] has reported today that the process of changing the organization's structures, content, methods, and work styles will begin on 15 April. The organization has almost 7.5 million members at this time. The CDR have responded to the call for the fourth party congress and are working on the task of improving their work and reaffirming the role of CDR members in society.

As a result of this process, which will last until 20 June, many tasks and mechanisms that are not in keeping with current circumstances will be eliminated, and the number of cadres on all bodies will be rationalized. For example, there will be important changes on the base level.

[Vicente Pineda, vice coordinator of the CDR National Secretariat, identified by caption] *As a rule, to date, our secretariat has been made up of seven comrades. In these decisions, it was agreed to reduce the secretariat to those that experience has shown us are needed; that is, three to five comrades.*

Defending the revolution, fighting crime, and the people's support for economic development are high-priority tasks.

[Pineda] *These tasks are connected, naturally, above all with defending the revolution, the goal our commander in chief has set of saving the revolution.*

This is a matter of eliminating tasks which have become obsolete and others that are merely pro forma and overburden the members with work.

[Pineda] *We will also eliminate a considerable number of mechanisms and especially meetings which we think make our people lose some of their time unnecessarily.*

The basic aim is to strengthen the CDR organization, make a qualitative improvement in its work on all bodies, and promote greater participation by the people.

[Pineda] *All these modifications are precisely intended to draw attention to, and focus our people's efforts on, all those strategic tasks concerned with defending our revolution in all senses.*

Havana People's Councils Discuss Food Supply

FL2203184391 Havana Tele Rebelde Network in Spanish 1800 GMT 22 Mar 91

[Text] The presidents of the Havana people's councils have met again with city government and party leaders to analyze the distribution of agricultural products and the fight against criminal acts. During the meeting, it was reported that more than 91 percent of the 158 small markets built in the first quarter of this year are already providing services to the public. More than 1 million quintals of agricultural products have arrived in Havana so far this month.

The presidents of the people's councils noted the need to achieve proportionality in the distribution by municipality and to speed up deliveries to the small markets. Nevertheless, the effort being made by the collection enterprises to deliver fresh vegetables, tubers, citrus, and fruit at this peak harvest time was recognized.

They also discussed how the efficiency and effectiveness of the police in dealing with antisocial behavior have increased, and that this is not fortuitous, but will be continued against everything that would be to the detriment of revolutionary principles.

Labor Leader Castillo on Revolution's 'Errors'

PA2303044191 Madrid EFE in Spanish 2050 GMT 17 Mar 91

[Text] Mexico City, 17 Mar (EFE)—Francisco Castillo Falcon, member of the Central Organization of Cuban Trade Unions, said in Mexico City today that Cuba's planning and administrative errors were the result of "the excessive copying of other Socialist models."

The Cuban labor leader, who is attending the working sessions of the Workers and Peasants Confederation in Mexico City, pointed out that "as in any society, a few errors need to be corrected."

"We believed that some of the principles applied in other Socialist countries could be applicable in our country. We have realized, however, that they are not applicable and that we must make some corrections in our planning and in other matters related to the central administration of the government," he added.

Castillo denied that there is a need for a plebiscite to ratify Fidel Castro as the country's leader. He said that Fidel's example "continues to be needed by the people."

The labor leader expressed his concern for the disappearance of the Soviet Union as a world superpower. He observed that a unipolar world in which the United States imposes its decisions is dangerous. In this respect, Castillo gave the example of the UN Security Council's Persian Gulf war resolutions.

"Since the war in the Persian Gulf ended, the United States has increased its economic and political pressure on Cuba. This, however, has not intimidated us. We do not want a war, but we will maintain the same fighting spirit that has stopped the United States from invading us in the past; an idea it has never really abandoned," Castillo added.

The Cubans, he said, are not interested in an armed conflict. "We want to live in peace, but, if there is war, it would be very different from the one that took place in the Persian Gulf. In Cuba the struggle would be carried out inch by inch," he emphasized.

Resolution Issued Readjusting Labor Policies

FL2103203891 Havana Tele Rebelde Network in Spanish 1200 GMT 21 Mar 91

[Text] The State Committee for Labor and Social Security has issued a resolution readjusting the policy on relocations which simplifies the procedures for declaring workers to be excess workers or workers available for relocation.

Resolution number four issued on 15 March summarizes the guidelines established in this regard in resolutions 13 and 17 which were issued in 1990.

The resolution establishes salary and labor regulations for the workers defined as excess workers as the result of fuel shortages, technical-material supply shortages, structural or institutional changes, mergers, or the closure of state organizations, enterprises, companies, and other government entities.

It also establishes regulations for the abolishment of slots that were deactivated to achieve a better use of the labor force.

Radio Program Views Government's Anti-Drug Fight

PA2103190691 Havana International Service in Spanish 0100 GMT 21 Mar 91

[From the "Note About Cuba" feature segment by Marianela Samper—italicized passages are recorded]

[Text] Cuba does not produce or export drugs. Likewise, it is not a market for the illegal introduction of narcotics into its territory because there is no internal consumption. Drug addiction is not a social problem in Cuba, but, given its geographic position in the Gulf of Mexico, the island is one of the routes chosen by drug traffickers to illegally transport their drugs from producing countries to the United States. The modus operandi used by the drug merchants has been studied by Cuban authorities and the results indicate that the headquarters of those who direct and coordinate these actions are located in Miami, Florida.

How do the drug traffickers smuggle their merchandise? What is Cuba's position concerning this scourge on mankind? What is the UN Drug Division's opinion on the provisions and laws adopted in the island? We intend to clear up these and other questions in our "Note About Cuba" segment.

The Cuban state and government are determined to cooperate with the international community given the increase in transnational organized crime activity, meaning drug trafficking. A specialized group for the control of iliegal drugs, which has been operating in Cuba for several years, strives to give internal and external solutions to the demands from international organizations. The Justice, Interior, Foreign Relations, and Public Health Ministries work together in the group, along with the Attorney General's Office, customs officials, and the Cuban Tourism Institute. The Interior Ministry's National Anti-Drug Department was created in October 1989 based on three general guidelines.

Its current director, Colonel (Ramon Sangui), explains:

[Sangui] *First of all, we are to prevent anyone from using our country for illegal drug trafficking. Second, we are to protect our society from an eventual infiltration of drugs, either casual or intentional; and third, we are to cooperate to the utmost of our capabilities with the international community, particularly with the Caribbean countries, in the struggle against this scourge which affects practically all mankind.*

As we said earlier, Cuba's geographic position is almost a mandatory stopover for the south-north navigation on the American Continent.

The director explains how drug traffickers illegally use our territory:

[Sangui] *First, they violate the different air corridors in our country and use them to disguise their flights, because approximately 160 airplanes pass through the corridors every day, coming from different points and going from south to north or from north to south. The drug traffickers also use boats to [words indistinct] Cabo de San Antonio and then go north.*

Cuban Interior Ministry sources said that 424 drug traffickers were arrested between 1970 and 1990. Fifty percent of them were U.S. citizens and the rest were citizens from other Latin American countries, including Cuban citizens who had emigrated to the United States. The total amount of confiscated drugs was five tons of cocaine and 124 tons of marijuana, plus communications equipment, weapons, boats, etc.

[First unidentified speaker] *How long have you been here?*

[Second unidentified speaker] *Almost 3 years.*

[First speaker] *What is your nationality?*

[Second speaker] *I am a Colombian.*

[First speaker] *Colombian. How have you been treated these past three years?*

[Second speaker] *While I have been here I have been treated well. I feel well. The medicine is good and the medical attention is excellent. The food is very good, too. Like I said, I am studying and...*

[First speaker, interrupting] *I am glad. Harry, when were you arrested and why?*

[Second speaker] *I was arrested on 25 July 1988.*

[First speaker] *What were you using the boat for when you were arrested?*

[Second speaker] *Cocaine.*

[First speaker] *How much?*

[Second speaker] *Two hundred and twenty-four kg.*

[First speaker] *Two hundred and twenty-four kg of cocaine. How much were you offered by those who hired you?*

[Second speaker] *Four hundred U.S. dollars.*

[First speaker] *Four hundred U.S. dollars.*

[Second speaker] *Yes. I was given $200 out of the $400. I sent $100 to my family and kept $100. I bought some cigars and I had $75 when I came here. You get money with the drug, but you also harm mankind because the young people are using drugs nowadays and this destroys them. People are totally destroyed and rendered useless by drugs.*

The information we have gathered leads to a question: What is done with the drug that Cuba confiscates?

[Sangui] *First of all, when a drug is seized, it is tested to determine what kind of drug it is. This is done according to the system used by the United Nations. The drug is weighed once we ascertain what kind it is, and then it is subject to a strict analysis of all its characteristics.*

Once the drug has gone through these innumerable tests, we proceed with the next step, meaning its incineration at a high temperature to remove all traces of the substance. The incineration includes the participation of Interior Ministry officials and experts from our laboratories. The presence of a representative from the Attorney General's Office is also mandatory, so that he may prepare a document giving all the necessary details of the process.

The United Nations has established that all its member countries must submit a report to the International Drug Control Board every year, giving details of all the drugs that have been seized and the destination of those drugs. The countries must also submit a report on all its reserves of legal drugs, meaning the ones used for medical purposes. This includes drugs that the country may need the next year.

Following is a statement by Rolando Lopez Del Amo, director of international organizations in the Cuban Foreign Ministry, on the country's position and its willingness to cooperate in the fight against drugs.

[Lopez] *Cuba's attitude has been to cooperate with the United Nations and its system by establishing a basic position. In other words, we must bear in mind that this phenomenon is mainly determined by its consumption. Drug trafficking and production can be controlled by controlling consumption. In other words, this is a global battle which involves repression methods, education methods, and production methods. Specific crops in certain zones of the world must be replaced by others, to allow a decent lifestyle to the persons who produce that raw material.*

Another issue we have discussed at international organizations, in addition to discussing this global phenomenon, is the fact that, even though international cooperation is encouraged, a nation's sovereignty and territorial integrity must not be violated using the drugs as an excuse. In other words, it is not only a matter of cooperating with all the international organizations and the UN system. On a bilateral level, the appropriate agreements and accords must be signed with all the countries that wish to do so. For example, talking about our neighbors, we signed an agreement with Mexico, we signed an agreement with Venezuela, and we are willing to sign an agreement with all our neighbors, including the United States.

Government Joins Seabed Investment Consortium

FL2303155591 Bridgetown CANA in English 1535 GMT 23 Mar 91

[Text] Kingston, Jamaica, March 23, CANA—Cuba has joined up with a number of former communist states in Eastern Europe to become a pioneer seabed investor under the United Nations Law of the Sea Convention, according to law of the sea officials. Cuba, they reported, has formed a consortium with Bulgaria, Poland, Czechoslovakia and the Soviet Union.

The application was made to the preparatory commission for the International Seabed Authority and for the International Tribunal for the Law of the Sea, meeting in Kingston. The consortium will pay US 250,000 dollars as application fee.

The preparatory commission is in its ninth session here drawing up the rules and regulations of the International Seabed Authority and the International Tribunal. Since the meeting began in February, the commission has approved China as a pioneer investor under Resolution Two of the United Nations Convention of the Law of the Sea. China applied for rights to the Clarion-Clipperton area in the Pacific Ocean. Previous pioneer investors were France, India, Japan and the Soviet Union.

The United Nations Law of the Sea Convention was adopted in 1982. It was signed by 159 countries but only 45 countries have ratified it. Sixty ratifications are needed before the convention comes into force.

Energy Commission Creates Nuclear Safety Center

FL2303125091 Havana Tele Rebelde Network in Spanish 1200 GMT 23 Mar 91

[Text] The Cuban Atomic Energy Commission has opened the Nuclear Safety Center, an institution that will see to strict compliance with the provisions set forth for the country's nuclear and radiological facilities. With the creation of this center, an important step has been taken in establishing systems to regulate the peaceful use of nuclear energy and state inspection of nuclear safety.

Cultural Exchange Agreement Signed With ALADI

PA2303173791 Paris AFP in Spanish 2230 GMT 15 Mar 91

[Text] According to observers in Havana, the signing on 20 March in Montevideo of an agreement to exchange cultural assets between Cuba and ALADI [Latin American Integration Association], is more of symbolic than economic importance.

ALADI is comprised of Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela; however, currently an average of only 14 percent of continental Latin American trade takes place between these countries.

Cuba, which is not an ALADI member, has observer status. ALADI was founded in 1980, and it replaced the former Latin American Free Trade Association, LAFTA, founded in Montevideo in the early 1960's.

Cuban sources have underscored that the cultural asset free exchange agreement is the first multilateral integration agreement signed by ALADI with a non-member.

The document tends to form a common market of cultural, educational, and scientific assets and services between ALADI member countries and Cuba.

Havana has cultural, technical, scientific, and commercial agreements with most ALADI member countries, but these are of a bilateral nature. Annual Cuban trade with Latin American and Caribbean countries is between $600 million and $700 million.

These are mostly regular trade operations because the possibility of credit is minimal due to the area's critical financial situation. Likewise, the area governments are cautious due to Cuba's reduced capacity to pay.

Official spokesmen in Havana have insisted for a long time on Cuba's desire for integration. Cuba is a member of a great many specialized area organizations.

In February, a Cuban delegate served as observer to a Caricom [Caribbean Common Market] conference—the economic community of English-speaking Caribbean countries. In recent months, Cuba reestablished or revitalized links with Jamaica, Grenada, the Bahamas, and the Cayman Islands—its Caribbean neighbors.

Inter-Caribbean Affairs

Caricom Information Ministers Conclude Meeting

FL2303022591 Bridgetown CANA in English 2247 GMT 22 Mar 91

[Text] Kingston, Jamaica, March 22, CANA—Caribbean Community (Caricom) [Caribbean Common Market] information ministers meeting in Kingston have agreed to establish a ministerial committee to facilitate the flow of information from government agencies. The committee will comprise representatives of Guyana, Jamaica, Belize, and Grenada. It will carry out decisions arrived at during the conference aimed at improving the flow of information throughout the region.

The ministers also agreed to recommend the establishment of a standing committee of information ministers to Caricom heads of government at their next meeting. They also agreed to press for greater freedom of movement by media personnel throughout the region.

Conference chairman, Jamaica's minister of information, Paul Robertson told reporters at the end of the summit that a group of experts will be formed to advice regional governments on the best way to achieve simulataneous broadcast of news, public affairs programmes, and cultural events.

A communique distributed to journalists on Friday said that the CARIBBEAN NEWS AGENCY (CANA), the Caribbean Broadcasting Union (CBU), and the minsters agreed to a number of specific proposals which will assist in the exchange and distribution of media programmes in the Caribbean at a reasonable cost. It did not outline what the proposals were.

According to Robertson, Caricom information ministers are to urge regional leaders to increase their support to the Caribbean Institute of Mass Communication (Carimac) housed at the Mona Campus of the University of the West Indies. The ministers, he said, had agreed to a number of proposals which will help Carimac to develop into a School of Communication by 1996. These include funding, employment of media and communication professionals, and the introduction of media studies in the region.

There is also to be further discussion between CANA and ASIN [Official Information Systems Activity] for the distribution of information in Latin America and the Caribbean.

Robertson said that although the CBU had expressed an interest in setting up a shortwave system in the Caribbean, there was very little detailed discussion of the matter during the two-day meeting.

On the issue of cultural penetration, Robertson said that there was a "general spirit" among the delegates that the region should not be cut off from foreign productions. But it was agreed that more emphasis should be placed on increasing the number of locally produced programmes to counter the foreign influence in the region.

The meeting of Caricom ministers was preceded by a three-day technical workshop which dealt with questions of information flows and computers, innovative measures undertaken by some member states to divest their media, and developing a Caribbean infrastructure for the flow of Caribbean news. The next meeting of Caricom information ministers is scheduled for 1993.

Haiti

Explanatory Law Aims To Clarify Executive Power

FL2103234591 Port-au-Prince Radio Metropole in French 1700 GMT 20 Mar 91

[Excerpts] A compromise is being studied to solve the conflict between the executive branch and the Senate. After a day of intense discussion, the senators agreed on the wording of a legal text, called the explanatory law to the 7 March law. This new law will clarify the first one by explaining to the executive the procedure to be followed to make the reforms. Thirteen of 20 senators voted in favor of this resolution.

[Begin reporter Rotchil recording] Following a long and stormy session, a compromising solution was issued regarding the conflict between the executive and the Senate over the appointment of the new members to the Supreme Court. The Senate decided by a majority vote on the wording of an explanatory law for the law of 7 March which outlines the procedure for applying reform within the public administration and the magistracy. The debates on 19 March, attracted a crowd at the Legislative Palace, following the installation of the members of the Haitian Supreme Court.

The Senate Chamber worked first in camera. The arguments of the senators were focused on the government behavior in this crisis. Some senators deplored what they called a lack of wisdom by the government which did not want to postpone the installation of the judges. Some colleagues sought this postponement when they met with the prime minister over the past weekend. The senators of the Republic also highlighted the reactions of several organizations which hold them responsible for this crisis. There have been death threats made by sectors of the population.

The senators pointed out: We are not here to put a spanner in the works of the executive. The senators reject the accusations insinuating that they received money from a foreign hand to take such an action. Several points of view were expressed by the senators in this 19 March Senate session which was held to quell the crisis. National Front for Change and Democracy senator, Clark Parent, felt the executive branch would have been logical in its decision to reform the magistracy with the authority delegated by the Senate, through the 7 March law. Senator Parent asked his colleagues to recognize

that some errors crept into the writing of this law which authorizes the executive to make changes. [passage omitted]

Senator Parent's position was rejected by other Parliament members who remain convinced that the executive violated the Constitution. Senator Larossiliere stated: We are in a crisis. He maintains that the executive is dishonest. MRN [expansion unknown] Senator Rony Mondestin went further by requesting the interpellation of the head of government, Rene Preval, and the nullification of the appointments made in the magistracy. [passage omitted]

After more than seven hours of session, the proposal to draft an explanatory law around the law of 7 March was adopted in the Senate. The lesson to be learned from this session on 19 March, is that the senators in their debates specified that they do not want to be in conflict with the executive. Despite this vote, some senators continue to think that the executive branch acted arbitrarily by appointing the judges to the Supreme Court. This accusation is denied by the government. In this matter, one thing certain is that the highest court in the country has been headed since Monday by a new team. [end recording]

Constitution Movement Protests Renaming Parliament

FL2203012091 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 21 Mar 91

[Report on a letter from Jean-Gerard Pierre of the Movement of Citizens for the Defense of the Constitution, Moucidec, to Senator Wesner Emmanuel of the National Front for Change and Democracy, FNCD; date of letter not given]

[Text] The Moucidec, headed by Jean-Gerard Pierre, wrote to Senator Wesner Emmanuel to express disagreement over his proposal to rename the 45th Legislature. The movement says it does not find it proper that the forty-four legislatures in Haiti's parliamentary and political history be brushed aside.

Pierre asserts that it is too early to come up with the title of "First Legislature of Change." Wisdom recommends that one wait for history's verdict. History must speak on the matter. It is not for them [not further identified] to decide. The future will show if this legislature really deserves this name "The First Legislature of Change."

The Moucidec official invites Professor Wesner Emmanuel to reread several LE NOUVEAU MONDE [former Duvalierist daily] issues by Gerard de Catalogne. He will find in these a number of titles the zealous Parliament members gave themselves under (?Francois) Duvalier. All those things have been blotted out now. They do not exist anymore in history.

Furthermore, Jean-Gerard Pierre said that when he was young, he was very overwhelmed at the behavior of some political actors in this country since 1950. As an active democratic combatant who has never stopped fighting since 1956, he would frankly like each of them who are today on the Chamber scene to become aware of their responsibilities toward the people who trust them a lot on behalf of the democratic camp to which they say they belong. There is also the international opinion which is watching them, at what they are doing in Parliament. They should also take their responsibilities toward history.

At this time, the Parliament should not be a party to any democratic lapse. This is the disapproval of the proposal by Senator Wesner Emmanuel to call the current legislature the "Legislature of Change."

Senate Committee To Redraft Emergency Power Law

FL2103155091 Bonaire Trans World Radio in English 1130 GMT 21 Mar 91

[Text] The Haitian Senate has voted to scale back a law that grants the country's president emergency powers to make appointments and carry out reforms. The move follows Monday's presidential appointment of five replacements to the Haitian Supreme Court. Those appointments were made without consultation with the Senate as is required by the Haitian Constitution.

President Aristide says the emergency powers provision supersedes the Constitutional requirement. Some of the senators had threatened to call for a vote of no-confidence, but instead formed a committee to redraft the emergency powers law.

Foreign Affairs Minister Addresses Policy Issues

FL2203231591 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 22 Mar 91

[Report on news conference by Mrs. Marie Denise Fabien Jean-Louis, minister of foreign affairs and worship, at the Ministry of Foreign Affairs and Worship in Port-au-Prince on 21 March]

[Text] Mrs. Marie-Denise Fabien Jean-Louis, the foreign affairs minister, explained to journalists the government's global policy regarding the relations it will develop with foreign countries. What has already been done so an open and transparent policy becomes reality? The minister has traveled abroad twice (?for one month and a half) on Haiti's behalf. All the ambassadors the country had abroad were recalled so that new representatives can be appointed. For now, the ministry is working to make the two major branches of the ministry more effective. The branch within the country may be restructured. Following this, restructuring will begin overseas.

Several embassies will be grouped together in some areas, especially in Latin America, to reduce the expenses of Haitian representations abroad. In some cases, only one team of representatives will be appointed. The minister dispelled as rumors the names

of people that have been quoted in the press as Haitian ambassadors abroad. The ministry has not reached this step.

The Haitian Government is in favor of reconsidering the maritime interdiction agreement with the United States to stem the flow of Haitian boat people to the United States. This is what Mrs. Jean-Louis added during this news conference. We note that this agreement was signed in September 1981 between the U.S. State Department and the Jean-Claude Duvalier government. Through this agreement the U.S. Coast Guard received authorization to intercept Haitian vessels trying to go to Florida, to Miami, before handing them over to the Haitian Red Cross. The minister did not wish to explain how the agreement would be modified. Haiti, or rather the new rulers think the agreement does not respect Haitian rights, the right to sail on the sea. The matter of holding Haitians at sea, disregarding all their rights and compelling them to go back to Haiti is something that cannot be tolerated. The Haitian Government will look into this file and will meet with U.S. officials to confer with them to see what can be done so that this situation does not continue. This is basically what came out of the statements by the minister of foreign affairs.

Authorities Detail Operations Against Zenglendos

FL2103222091 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 20 Mar 91

[Excerpts] Approximately 30 or so zenglendos, including four soldiers and five women, have been arrested within the scope of the zenglendo hunt operations conducted by the Port-au-Prince police over the past several days. The Port-au-Prince police chief, Lieutenant Colonel Ramus Saint Vil and the Investigation and Anti-Gang Service chief, Captain [Renaud] Neptune said in an interview that the operations were successful in netting four gangs. The largest was found in Delmas 83. One operation was carried out in Delmas 4 and two others conducted in Carrefour and Carrefour-Feuilles. We saw many dangerous weapons including two grenades, five 38-caliber Colt revolvers, two 45-caliber handguns, two UZI submachine guns, two 12-gauge shotguns, two 22-gauge shotguns, two communication devices, many bullets, one wig, and military uniforms.

According to the testimony of a zenglendo, the police chief told us that the Delmas 83 gang has committed 72 crimes including killing a Frenchman on the Canape-Vert Road.

Reports on the soldiers who are implicated in zenglendo activities and who have been arrested by the police were sent to the Haitian Armed Forces General Headquarters. These soldiers will be dismissed and brought to justice. The police chief dismissed as rumors reports that school students were allegedly arrested in their classrooms.

Lieutenant [as heard] Saint Vil said that all citizens must.... [changes thought] They pay taxes to have peace in the country. Therefore, the police are fighting to guarantee peace, security, and the protection of lives. [passage omitted]

The Anti-Gang Service chief, Captain Neptune, said that with the help of the people they can succeed in having these operations go smoothly. The people have already helped them. The people must continue pursuing zenglendos with them. When we asked if the police will permanently pursue these men and if these gangs were associated with the men of the 7 January coup, Captain Neptune answered as follows:

[Begin recording] [Neptune] I think that the police in general are doing their job. The job must be done and it will be done.

[Unidentified reporter] Of the gangs you have broken up are there some that allegedly have relations with the people who attempted the 7 January coup?

[Neptune] Well, we have not found any report like that. We are only doing police work and we do not think that we have found such things during the questioning. [end recording]

Congratulations to the police on their hunt for zenglendos over the past couple of days. These operations are being conducted to put an end to insecurity in Port-au-Prince. [passage omitted]

Priest Accuses Regala, Avril of Ties to Attack

FL2203211591 Port-au-Prince Radio Metropole in French 1700 GMT 21 Mar 91

[Text] Father Gerard Jean Juste challenges the forces associated with former Haitian Generals Prosper Avril and Williams Regala in the explosion which occurred during the night of 19 March in Miami. This explosion partially destroyed the roof of a building accommodating a Haitian association in Miami but did not cause any deaths. Father Jean Juste is currently in charge of the 10th department [diaspora] within the new government. He voiced his opinion on Tele-Haiti last night. In questioning the incident, he named former military dictators Generals Prosper Avril and Williams Regala as having ties with the enemies of the Haitian people.

Father Jean Juste also recalled that the association whose premise was destroyed by the explosion had supported the democratic change in Haiti and the presidential candidacy of Jean-Bertrand Aristide. Father Jean Juste also attributed to the forces of evil the murder in Miami, last week, of journalist Fritz Dor who was politically committed to Father Jean-Bertrand Aristide.

Haiti Electric Director Holds News Conference

FL2303011091 Port-au-Prince Radio Nationale in Creole 1400 GMT 21 Mar 91

[Roland Chery report on a news conference by Rosemond Pradel, Haiti Electric, EDH, general manager and

other officials, at the EDH conference room in Port-au-Prince on 20 March—recorded]

[Text] This morning, in the EDH conference room in its registered office in Bicentenaire, the new EDH general manager, engineer Rosemond held a news conference outlining the new EDH policy. Many points were raised during this news conference. For example, how advanced is the Hydro Quebec contract? On this subject, the EDH general manager advised that the contract is going very well because Hydro Quebec contacted a firm called Warbash [company name as heard] which agreed to provide all the diesel motors we need. This means they will cost less money and will run on gas.

Good news was provided. What news is it? The EDH general manager said that the motors will begin arriving in Haiti on 26 and 27 March. They have even begun to prepare places for them. He even invited the press to visit the Varreux Power Station to understand what he was saying.

Another interesting point is how the EDH will retrieve all the millions of dollars a number of people still owe it from the past regimes. According to Jean-Rosemond Pradel, who handed the subject over to lawyer Valentin, a member of the EDH legal department, many law offices are working on this dossier to recover all the money which a number of potentates still owe the EDH.

Another major point which was discussed at this news conference was the people who consider themselves above the EDH. These people steal electricity [connect their own cable to the power lines] and then distribute electricity to private individuals for large sums of money to their own benefit. According to the EDH general manager, EDH will do all it can to set up a system which will allow it to find a rapid solution to this problem.

Committees called KOK Committee [Komite Kok] [KOK meaning Quarters Committee, Komite Katye] will be instituted in each quarter. These committees will investigate and advise the EDH on how many people in each area are interested in electric service to their houses for a rate of $3 to $5 depending on the number of electric appliances. This is good news for the people living in the shanty towns.

We remind you that on 22 January, the EDH union collared the former EDH general manager, Pierre Boursicot [Boursicot was commercial manager] who was accused of having caused a deficit of 16 million [currency not specified] allegedly owed by a number of people.

At the end of the news conference there was a group of workers gathered at the conference room door to ask the new general manager, engineer Rosemond Pradel, for an explanation on the (?personnel) cutback he mentioned to a journalist at L'UNION on 13 March.

Around the EDH conference table were Conde Lisma, planning service; Lucien Joanes, customer service; Jean-Guy Lahens, financial manager; Pierre-Francois Syldor, controlling department; and engineer Rosemond Pradel, the new EDH general manager. This is Roland Chery for Radio Nationale of Haiti.

Jamaica

Ecuador Sues Government for Oil Contract Breach

FL2203181591 Bridgetown CANA in English 1638 GMT 22 Mar 91

[Text] Kingston, Jamaica, March 22, CANA—Ecuador is seeking more than $1 million U.S. from Jamaica for breach of an oil contract, officials here say. The contract was between the now defunct state Jamaica Overseas Marketing Company (JOM) and the Ecuadorian National Oil Company (CEPE).

The existence of JOM was first made public last year by mining and energy minister, Hugh Small, who described it then as a "phantom" within the Petroleum Corporation of Jamaica (PCJ).

Attorney General Carl Rattray admitted this week that Jamaica is liable for U.S. $1.16 million, claimed by the Ecuadorian Government for breach of the contract. He said, however, that Jamaica might not have to honour the claim because of an indemnity provided by international banker baron Elie de Rothschild, who was a major shareholder in JOM.

The attorney general's statement was read during a parliamentary hearing on the operations of JOM and the state-owned PCJ. Appearing before the committee was former minister of mining and energy, Senator Hugh Hart; former group managing director of PCJ, William Saunders; and former chairman of the Bauxite Trading company (Batco), Robert Humphries. They answered questions relating to Jamaica's trading agreements with CEPE.

JOM was incorporated in 1984 by the Jamaica Labour Party government to trade in bauxite, aluminium, and crude oil in the international market. The company was formed with 25 percent shares from PCJ, 25 percent from Batco, and 50 percent from De Rothschild, who also managed the company. The shares held by Batco and PCJ were eventually sold for U.S. $195,000 in December 1988.

According to Rattray, the letter of indemnity from Baron de Rothschild "should allow Batco and PCJ to recover against Baron de Rothschild's bank any damages that may be awarded against them for JOM's alleged breach of contract."

During the hearing it was reported that JOM, while acting on behalf of the Government of Jamaica, failed to lift the total volume of oil contracted from CEPE between May 1985 and October 1986. It was also

revealed that JOM's activities precluded PCJ from negotiating for a processing contract with CEPE.

JMA Says Central Bank Governor 'Out of Touch'

FL2203184091 Bridgetown CANA in English 1705 GMT 22 Mar 91

[Text] Kingston, Jamaica, March 21, CANA—President of the Jamaica Manufacturers Association [JMA], Anthony Robinson, has accused the governor of the Central Bank, G. Arthur Brown, of embarrassing local manufacturers at a meeting this week with their Trinidadian counterparts.

Accusing Brown of being out of touch with "modern reality," Robinson suggested that the government should not continue to look to him for economic advice.

"The government ought to look elsewhere for economic advice if we can hope to rescue this country from its serious dilemma," Robinson said at the monthly board meeting of the JMA.

The attack on Brown arose out of a meeting between the Central Bank governor and representatives of the Trinidad and Tobago Manufacturers Association (TTMA) on Monday. The meeting was held to iron out an arrangement for the settlement of trade payments between the two countries.

The JMA president accused the governor of feigning ignorance during the meeting about the difficulties facing the Jamaican manufacturers. The governor, he said, applauded the TTMA for having achieved the highest levels of efficiency and competitiveness in the region, and suggested that the Jamaican manufacturers should try and find out how it was that their counterparts had managed to achieved this. To make matters worse, the governor then asked the local private sector members of his team for the message which they wished him to convey to the Jamaica Government, Robinson said.

"For the governor to give the impression to these overseas visitors that we in Jamaica are incapable of identifying solutions to the demise of our sector is not only embarrassing, but dishonest in the extreme," Robinson said.

The Trinidadian team, he said, outlined some of the policies which have contributed to their success. These include a 100 percent capital investment tax allowance for one year for manufacturers who re-tooled their factories with new or used equipment, duty free raw materials, tax-free extra-regional export earnings, government subsidies on overseas business travel, packaging development, formulation changes, tax ease on overseas advertising and free access to foreign exchange, the JMA leader reported.

Robinson also called on the Bank of Jamaica to remove itself from the foreign exchange market as it used its privileged position to buy up scarce foreign exchange.

"Let it go out and get it like anybody else," he said.

Calling the criticisms a "cowardly act," Brown said he would not allow them to deter him from pressing ahead with "constructive" steps needed to be taken not only in dealing with the Trinidadian issue.

"If he (Robinson) felt so strongly as he did, I would have expected some reaction from him at the meeting and some proposals to advance the negotiations," he said. "The gentleman concerned sat in the room and had absolutely nothing to say."

Manley To Resume Duties After Influenza Attack

FL2203181091 Bridgetown CANA in English 1709 GMT 22 Mar 91

[Text] Kingston, Jamaica, March 22, CANA—Jamaica Prime Minister Michael Manley is expected to resume full duties Friday after a "mild attack of influenza," his office reported.

Manley missed a number of official engagements Thursday after he was advised to stay at home. He was to have opened the third summit of Caribbean Community (Caricom) [Caribbean Common Market] information ministers which was ending Friday in Kingston. Deputy prime minister and minister of finance, P.J. Patterson, deputised for him.

A Jamaica House statement said that the prime minister met Thursday with Patterson and national security minister, K.D. Knight. He also met informally with representatives of the Church.

PEMEX Announces Import of Gasoline, Fuel Oil

PA2203201291 Mexico City NOTIMEX in Spanish 0223 GMT 20 Mar 91

[Text] Mexico City, 19 Mar (NOTIMEX)—Mexico will import gasoline and fuel oil [comustoleo] and expand four other refineries to compensate for the fuel that will no longer be produced at the Azcapotzalco refinery, Mexican Petroleum [PEMEX] has reported.

As an immediate measure, 20,000 barrels of gasoline and 10,000 barrels of fuel oil will be imported daily and the volume of exported diesel fuel will be reduced and allocated for the domestic market, PEMEX said.

Another action will be to expand refining capability of the refineries located in Tula, Hidalgo State; Salamanca, Guanajuato State; and Tuxpan and Minatitlan, Veracruz State.

PEMEX said that these refineries represent an alternative source of fuel for the domestic market such as the Mexico City metropolitan area.

According to PEMEX, these plants have the following refining capability: 210,000 barrels in Tula, 235,000 in Salamanca, 200,000 in Minatitlan, and 15,000 in Tuxpan.

In addition, PEMEX said that it is planning to modernize several refineries, in an effort to compensate for the 105,000 barrels of lost daily production at the Azcapotzalco refinery.

President Carlos Salinas de Gortari yesterday ordered the closing of the "18 March" refinery in Azcapotzalco to contribute to the reduction of nitrogen and hydrocarbon pollution, by up to 20 percent.

In response to the president's decision, PEMEX stopped pumping crude oil to the refinery at 1500 [2100 GMT] yesterday.

Because the refinery's industrial infrastructure will be dismantled, PEMEX announced that additional investments for the construction of new antipollution plants within the framework of the national refinery system are pending.

According to PEMEX, the new refinery will be built in a proper climate and altitude so that it will not aggravate the pollution problem. It will employ the latest technology and the most complete antipollution systems.

The cost of equipment will be covered by the sale of crude oil and petroleum byproducts on the world markets, PEMEX said.

The new refinery, scheduled for construction next year, will have a refining capacity of 300,000 barrels daily, however, it will not be operational until 1994 or 1995.

Given the unavoidable deadlines for the delivery of equipment and the construction of the new refinery, PEMEX said that work should begin as soon as possible to prevent a shortage of fuel supplies and excessive petroleum imports.

PAN Leader on Elections, Alliance With PRI

PA2403143391 Mexico City NOTIMEX in Spanish 0322 GMT 22 Mar 91

[Text] Mexico City, 22 Mar (NOTIMEX)—National Action Party (PAN) President Luis H. Alvarez reiterated today that the integrity of the elections is the sole concern of Mexicans, therefore the presence of foreign observers is unnecessary and does not concern the PAN.

Contradicting himself, however, Alvarez admitted that the PAN will invite members of international organizations to the August elections, but that it will instruct them to not interfere in the electoral process.

Meeting with foreign correspondents accredited in Mexico, the PAN leader said that his party has learned that honest elections are directly linked to greater voter participation.

He admitted that the authorities have taken important steps to win the respect of voters, but pointed to the continued presence of obstacles inhibiting greater democracy in the country.

Citing a 21 March Federal Electoral Institute statement, Alvarez said that the introduction of transparent ballot boxes "does not guarantee honest elections, so long as the PRI [Institutional Revolutionary Party] is in power and controls the electoral process."

On the subject of PAN-PRI coalition in the Chamber of Deputies, Alvarez said that his party "will no longer enter into any electoral alliances with PRI because its conduct has not been compatible with the PAN membership."

Concerning the free trade treaty [with the United States], he said that his party "does not oppose the signing of the treaty providing that the majority of the Mexican people believe it is advisable, and the majority of the country's businesses see it as being in their best interests."

Alvarez said, however, that there should be greater participation by the Mexican Congress and people in the final decision on the treaty.

New Chief of Naval Operations Sworn In

PA2203144291 Mexico City NOTIMEX in Spanish 0204 GMT 20 Mar 91

[Text] Mexico City, 19 Mar (NOTIMEX)—The Secretariat of the Navy has announced that Admiral Jorge Mora Perez was sworn in today as the Mexican Navy's chief of naval operations, replacing Admiral Gildardo Alarcon Lopez.

Deputy Navy Secretary Admiral David Zepeda Torres, representing the High Command of the Mexican Navy, swore in the new chief of naval operations, who was the senior officer of the Secretariat.

Mora Perez, a native of Jalapa, Veracruz, entered the Naval Military School as a cadet on 1 September 1944. He has commanded units in naval zones and regions.

He was a professor at several Mexican Navy schools, chairman of the Navy Chief of Staff, commander of the Gulf of Mexico and Caribbean Sea naval region, commander of the 9th Naval Zone, and inspector and comptroller of the Navy.

Belize

Opposition Describes Budget as 'Unimaginative'

FL2303015591 Bridgetown CANA in English 2144 GMT 22 Mar 91

[Text] Belize City, Belize, March 22, CANA—The leader of Belize's opposition United Democratic Party [UDP], Manuel Esquivel, has described prime minister George Price's 1991 budget as unimaginative. He said it was "lacking in vision and creativity."

Opening debate on the budget, which was presented two weeks ago, Esquivel, a former prime minister, said it was a "bookkeepers budget" with a recitation of alleged economic progress and a disappointing lack of any programme for the coming year.

"What the minister of finance has presented has stimulated nothing but yawns and offers no sense of direction. Are duty free windmills the extent of government's vision for Belize in 1991," Esquivel asked?

He was referring to Price's announcement of a cut in the duty on alternative energy sources. Price also pledged a reduction in the duty on refrigerators and computers and announced the start of a major new hydro-electric project and more improvements to the national infrastructure. He said these would be achieved with no new taxes.

In his attack, Esquivel said that much of what the People's United Party [PUP] was claiming as achievements during the last 18 months had been made possible by the previous UDP administration. He said that new hotels were as a result of the UDP attracting investment. "For the sake of all the people who have invested in tourism, the government had better review its attitude, and its policies before they run the industry completely into the ground," he said. Esquivel said that the growth in tourist arrivals in the last two years of his government had been double the figures reported by Price for 1990.

Pointing to the world fall in oil prices since November 1990 Esquivel wondered why the price of gasoline was now 80 cents a gallon above what it was at the start of the Gulf War. "Why is the Belizean consumer still burdened with a high price of 4.70 dollars a gallon," he asked?

He accused the prime minister of increasing the taxes twice to keep the price from falling. "We all remember the hypocritical calls from those across the floor for the UDP to reduce the gasoline taxes," he said. "Does the government not really think people have not noticed how much they are paying for gasoline?" Increases of 33 per cent in the price of milk, 14 per cent for soft drinks, and rises for basic foods such as rice and pigtails were also cited by Esquivel.

He said there were disturbing signs of weakness in the economy despite a 9 per cent growth in GDP. Exports, he said, had fallen significantly and the balance of payments figure was down compared to the UDP days. He said there had been a dramatic fall in foreign investment and an increase in foreign debt and it would double during the PUP's term in office.

Replying to Esquivel, the minister of economic development, Said Musa, said the PUP had laid the foundations for development in the years after independence in 1981. He claimed credit for negotiating International Monetary Fund and World Bank loans which he said the UDP administration had enjoyed.

Attacking Esquivel's claim that the balance of payments figures were better under the UDP, Musa said they had boosted the country's finances by selling off millions of dollars of shares in the national telephone company and passports to foreigners. "The PUP can boast a 21.2 million balance of payments without selling BTL [Belize Telephone] shares and passports," he said.

Refuting the claims about a drop in tourists, Musa said that an analysis of the figures showed that the UDP were counting every entry into the country, including refugees as tourists.

He said that official figures of 4-5 per cent for inflation were respectable compared to other countries.

"The leader of the opposition doesn't want to acknowledge the tremendous growth under George Price and the PUP," he said. He said that the PUP had an "impressive" performance with a budget surplus of 10 million dollars.

He accused the UDP of destroying the rice industry during its term by refusing credits to farmers and giving under the counter permits to people to import rice from Guatemala.

Musa said the PUP was committed to improving roads and bridges as well as human resources.

El Salvador

Foreign Minister Deems Proposal 'Propaganda'

PA2303152491 San Salvador Canal Seis Television in Spanish 0200 GMT 22 Mar 91

[Report by Nancy Perla]

[Text] Foreign Minister Jose Manuel Pacas Castro has downplayed the peace proposal that the Farabundo Marti National Liberation Front [FMLN] presented during a meeting of Central American and European foreign ministers in Nicaragua.

Minister Pacas Castro has said that the FMLN leaders have merely engaged in propaganda work. He noted that the document presented by the FMLN is just propaganda. The document calls for a cease-fire as of 30 May and for the simultaneous discussion of demilitarization and constitutional reform.

The minister said that the rebels took advantage of the important meeting to make public a document that, in his opinion, does not say anything new.

[Begin Pacas Castro recording] The cease-fire issue is being discussed. There has been a document on this since June of last year. There are other elements that have already been presented at the negotiating table.

We would like to see the FMLN's propaganda work become deeds at the negotiating table and to have, prior to the cease-fire, the agreements that the Salvadoran people want. [end recording]

Pacas Castro said that despite the fact that the proposals became known through the media, they were not discussed at the meeting.

The final document of the eighth meeting between the EEC, the cooperating countries, and Central America, states its support for the Tela Document, which calls for the immediate demobilization of the FMLN.

[Begin Pacas Castro recording] There was an offer of economic support for the demobilization of the FMLN and for the Armed Forces, once the latter make adjustments in line with a state of peace in our country. It is important to note that a call was made to put a halt to attacks on the civilian population. [end recording]

During the meeting it was also agreed to create a special fund in the Central American Bank of Economic Integration to promote Honduran and Nicaraguan exports in the region.

At this meeting, held on 18 and 19 March, it was established that the ninth meeting will take place in Portugal and that in 1993, the meeting will take place in El Salvador.

Arena Accepts Proposals

PA2303173891 San Salvador Radio Cadena YSU in Spanish 1730 GMT 22 Mar 91

[Text] Dr. Armando Calderon Sol, president of the governing Nationalist Republican Alliance [Arena], stated today that his party could agree to reform the Constitution, as the guerrillas demand in the peace proposal they presented this week.

That proposal also calls for a cease-fire on 30 May.

This is the first time since Arena has been in power that it has accepted the possibility of reforming the Constitution to permit the negotiations with the leftist Farabundo Marti National Liberation Front [FMLN] to make progress.

Speaking to foreign journalists, Calderon Sol, who was reelected mayor of San Salvador in the recent elections and who is one of the most influential politicians in the current government, has said that Arena's Advisory Council and experts on the Constitution are analyzing possible reforms to the Constitution.

Calderon Sol said that this is a good time to make reforms. We are not closing doors to any option, he said. This is not a moment for stubborn positions, but the moment to search for agreement and to satisfy the Salvadoran people's demand for peace.

On Monday, the FMLN presented a new peace offer that consists of three specific points: A cease-fire by 30 May, the restructuring of the Armed Forces, and the reforming of the Constitution.

Calderon Sol said that the proposal is being analyzed and these three issues are not being evaded.

[Begin recording] [Calderon Sol] We are going to approve that with a majority of votes. The best would be to have it approved by an absolute majority. I believe that this would have to be done by the Assembly now, especially because we need two assembly sessions. The current one closes on the 30th and then there will be a new one. That is, this is a crucial moment, I would say. The president and Arena have said: Let us talk. The Dialogue Commission is talking and we are waiting for the results.

[Unidenitified reporter] It is talking?

[Calderon Sol] This has been discussed with the parties. Talks are going to be intensified. I believe that the commission [words indistinct].

[Reporter] Ruben Zamora [leader of Democratic Convergence] has said that there is no time for a profound analysis of the reforms that would have to be made and that there should just be a reform of the procedure to be followed on this specific occasion. What do you think?

[Calderon Sol] We are studying this with constitutional experts. You must understand that the party's Advisory Council and experts on the Constitution must participate. They are studying alternatives that could be included within the framework of the Constitution. We have always said that we will respect our Constitution, but this moment is suitable for making reforms. We are not closing the doors to any option, including this one you asked me about. Several persons are analyzing alternatives to see if they fall within constitutional order. If they do, we could favor this type of action, and then make a proposal and promote it. This is not a moment for stubborn positions, or for obstinate positions. This is the moment to seek an agreement, a Salvadoran [word indistinct], and to satisfy the Salvadoran people's demand for peace. [end recording]

Arena, which was opposed to reforming the Constitution during the past Christian Democratic Party administration of the late Napoleon Duarte, now believes that the Constitution is a human product that can always be improved, Dr. Calderon Sol said. He admitted that the beliefs of Arena have evolved, just as those of the FMLN have evolved. He said that the Armed Forces have evolved as well and are now seeking a new military institution in line with a democratic state, and they, the

military, understand that the Armed Forces, can no longer exist as they did in the past.

The Arena leader said that the mediation of the United Nations in the negotiating process between the government and the guerrillas obligates the two sides to act seriously.

The rebels' peace proposal is at this moment the top political issue being debated in El Salvador. It has been well received by the various sectors, including the government, some high-ranking Army officers, political parties, and popular organizations.

'Receptiveness' Noted

PA2303022291 Panama City ACAN in Spanish 1817 GMT 22 Mar 91

[Excerpts] San Salvador, 22 Mar (ACAN-EFE)—San Salvador Mayor Armando Calderon Sol today said that the Salvadoran Government has shown receptiveness toward a guerrilla proposal to accelerate peace negotiations and promote constitutional changes in order to make viable the implementation of agreements.

"This is not the time for individual actions, but the time to seek a consensus and materialize the peace aspirations of the people," said Calderon Sol, who is also president of the ruling Nationalist Republican Alliance (rightist, Arena). He also reported that the official dialogue commission is studying the rebels' proposal. The FMLN [Farabundo Marti National Liberation Front] this week presented a proposal to the government of Alfredo Cristiani at the San Jose VII ministerial conference attended by the foreign ministers of Central America and Panama, the EEC, Mexico, Colombia, and Venezuela. [passage omitted]

Government and FMLN representatives have been holding meetings under UN mediation since April 1990 to seek a political solution to end the more than 10 years of war. The last one took place in Mexico yesterday and was described as "not very important" by a rebel source.

Calderon said that "now is the time" for the current parliament to introduce amendments to the Constitution, because, according to Salvadoran law, it must approve such amendments and the next parliament must ratify them. [passage omitted]

Calderon stated that there is consensus within his party that the current assembly should introduce changes to the Constitution in the short term, although in the past few years this issue was treated as the main stumbling block for the peace negotiations.

The reelected capital city mayor ruled out any possibility of a coup d'etat in the country, which would end negotiations with the FMLN, by stating that the Armed Forces "have evolved much and made efforts toward becoming more professional," and thus, "coup d'etats are a thing of the past, a part of obsolete militarism."

[Paris AFP in Spanish at 2346 GMT on 22 March reports that Arena's most radical sector, in a group known as Crusade for Peace and Work, today criticized the official position toward the rebel proposal. It states in a full-page advertisement published in the country's main newpapers that the organization claims that 'things that raised our hairs in times of former President Jose Napoleon Duarte are nothing compared to the negotiations that the current government has led us into with its tolerant behavior.' According to this dispatch, this advertisement, which is addressed to President Cristiani, adds that 'we expect you to fulfill your constitutional mandate. You must respond to the people and not to foreign pressure.']

Arena Accuses CD of Promoting FMLN Offensive

PA2203173591 San Salvador LA PRENSA GRAFICA in Spanish 18 Mar 91 p 3

[Text] Arena [Nationalist Republican Alliance] has accused the Democratic Convergence (CD) of trying to block, discredit, and sabotage the 10 March elections to create favorable conditions for a new rebel offensive.

In a press communique, Arena has said that the CD's position concerning the delay in the announcement of election results is deceitful and false, because although it claims to accept the concept of democracy, it is really just an instrument in the agitation plan of the FMLN [Farabundo Marti National Liberation Front].

The communique added that it is necessary to unmask the CD's position "because it is resorting to lies, deceit, and falsification in an attempt to obtain more deputies and votes than to which it is really entitled."

"This is not caused by a lack of information, but by an agitation campaign intended to disturb not only the vote-counting, but also democratic institutions.

Arena has said that the CD's arbitrary announcements on the number of deputies from that party who supposedly won lack not only legal grounds, but are also ridiculous and illusory. "The CD's claim lacks seriousness and completely disregards Electoral Code regulations and procedures."

Evidently there have been technical and organizational deficiencies in the final vote-counting process, but in no way does this discredit the democratic process, the Arena communique stressed.

"The electoral system itself makes it possible to correct each of its flaws. In that regard, political leaders must help to correct legal or technical mistakes when they occur."

In its communique, Arena said that it wanted to alert the national and international public to "this crafty maneuver by the CD, which, in view of its lack of popular support, is trying to tarnish the electoral process and open the path to violence and terror."

There is great concern among various social, political, and grassroots sectors about the violence promoted by opposition parties that support the FMLN's line.

Intelligence Blames FMLN for Disturbances

PA2203155491 San Salvador LA PRENSA GRAFICA in Spanish 21 Mar 91 p 2

[Text] Military intelligence sources have disclosed that the FMLN [Farabundo Marti National Liberation Front] is responsible for instigating disturbances in the metropolitan area intended to paralyze the nation's core institutions and thereby weaken the government.

These sources made this statement yesterday to expose "a terrorist plan maintained by agitation and manipulation of government and municipal workers, laborers, and strikes called to trigger demonstrations and public disturbances."

The communique issued by the authorities refers to the massive demonstrations staged in San Salvador that follow a Marxist-Leninist pattern. The document points out that this strategy "is being applied to pressure for demands that cannot be fulfilled." It is not a question of giving the people an opportunity to express their opinions, but rather it is intended—through mob demonstrations and protests—to disrupt order.

The military sources noted that it is regrettable that teachers, government and municipal workers, and laborers are not aware that they are being manipulated through their leaders' well-staged speeches.

The military sources claim that the professional agitators are aware that during these shock tactics, groups emerge that arouse the masses with anti-government slogans and subsequently launch them against the security forces. They give as an example the events that took place at the Treasury Ministry, when demonstrators threw rocks, bricks, and sticks at the riot police, which resulted in clashes with the authorities.

The report maintains that the destruction caused by these demonstrations in San Salvador not only damaged government property, but also affected private property. The report concludes that these subversive actions are well-planned and follow a scheme outlined by the rebels to paralyze the community and the government.

Central Electoral Council Confirms Arena Victory

PA2303002591 Panama City ACAN in Spanish 2340 GMT 22 Mar 91

[Text] San Salvador, 22 Mar (ACAN-EFE)—El Salvador's Central Electoral Council today confirmed that the Nationalist Republican Alliance (Arena) won the 10 March legislative and municipal elections with 44.32 percent of the vote, but Arena was unable to retain a majority at the Legislative Assembly.

Adviser Ricardo Perdomo said that the ruling party, of rightist persuasion, won 39 of 84 seats in the Legislative Assembly and 175 of 262 mayoralties throughout the country.

The Christian Democratic Party (center-rightist) garnered 28 percent of the votes cast on 10 March and will have 26 deputies at the upcoming legislature.

The National Conciliation Party (conservative) won nine seats with nine percent of the vote, while the leftist Democratic Convergence coalition won eight seats with 12 [figure as received] percent of the vote.

Two other minority parties, the Authentic Christian Movement (rightist) and the Nationalist Democratic Union (leftist), won one seat each.

Further Details

PA2303141091 San Salvador Canal Doce Television in Spanish 0316 GMT 23 Mar 91

[Italicized passages are recorded]

[Text] According to the final report issued by the Central Electoral Council [CCE], the Nationalist Republican Alliance [Arena] has won 39 Legislative Assembly seats and 175 Municipal Councils in the recent elections.

The official results, announced 12 days after the 10 March legislative and mayoral elections, make it clear that no party has won an absolute majority. The CCE has been criticized by almost all opposition parties and was particularly accused of inefficiency. Others believe that the elections were honest but feel that the electoral process should be restructured.

Despite all the problems, the CCE today issued the general results. According to its report, 39 Arena deputies were elected to the Legislative Assembly; this represents 13 more than the Christian Democratic Party [PCD]. The National Conciliation Party [PCN] secured nine seats and the Democratic Convergence [CD] won eight seats. The Authentic Christian Movement [MAC] placed one deputy. Likewise, one Nationalist Democratic Union [UDN] candidate was elected deputy to the new Legislative Assembly, which will be composed of 84 deputies.

Arena won a clear victory in the Municipal Council elections by capturing 175 municipal councils throughout the country. The PDC was second with 69 and the PCN placed third with 26. MAC and CD each control one Municipal Council.

Arena won 44.32 percent of the votes; the PDC, 28 percent; CD came out ahead of the PCN with 2.15 [as heard] percent of the total vote [sentence as heard]. MAC and the UDN remain politically alive, but Democratic Action, winning less than one percent of the valid votes, has automatically been eliminated.

On the subject of balloting, the CCE has reported that 1,150,318 of 2,180,000 eligible voters had cast their ballots on election day. This means that 47 percent did not vote.

[Unidentified speaker] *The fact that no party has won an absolute majority is a positive sign because this will foster a search for permanent political dialogue and consensus within the Legislative Assembly. This in turn will promote pluralism. The elections process has demonstrated that minority parties have a chance to seat deputies.*

Eduardo Colindres of the PDC and Mario Guinada Carranza, of the UDN, belive that the Legislative Assembly will function on the basis of compromise, despite apparent deficiencies in the electoral system.

[Unidentified speaker] *Elections results have confirmed something: Arena has lost its majority. It is the opposition who has won. We have an obligation to fulfill our elections promises, and we will do so. We think this is a suitable moment to find a negotiated solution to the war and to restructure Salvadoran society. My message to the Salvadoran people: We will succeed! These elections have demonstrated that the system is inefficient and that significant constitutional reform is necessary.*

[Second unidentified speaker] *We have seen that Arena has tried to favor MAC by giving it a national deputy in payment, perhaps, for services rendered for three years. This is the result of political deals and mismanagement at the Legislative Assembly.*

Now that the results are known, the preparations for the 1 May swearing in ceremony can begin. After 1 May, the Legislative Assembly will face a series of problems, including the issue of supporting the process of negotiations between the guerrillas and the government—a process that, according to both sides in the conflict and foreign chiefs of state, appears very promising.

This is not all, however. Once a peace agreement is secured, the process of integrating the rebels into the country's normal life will begin and this may be one of the most difficult challenges.

Army, Government Disagree Over FMLN Territory

PA2403024191 San Salvador Radio Cadena Horizonte in Spanish 1800 GMT 21 Mar 91

[Report by Mauricio Burgos]

[Text] Vice President Francisco Merino has said he opposes giving territories to the guerrillas during the cease-fire, a position which conflicts with the one adopted by Colonel Inocente Orlando Montano, deputy defense and public security minister, who has said that the Army accepts the rebel initiative.

The government and the Armed Forces disagree over the territoriality initiative, one of the points included in the peace proposal made by the Farabundo Marti National Liberation Front [FMLN]. This issue will be discussed in a meeting scheduled for today, according to rebel sources.

According to Vice President Francisco Merino, the territoriality suggested by the guerrillas is unacceptable given the small size of the Salvadoran territory. To overcome this situation, he suggests that the territories under guerrilla control be supervised by international organizations, but without disregarding the existing government structure.

[Begin Merino recording] It is the same strategy used by terrorist movements and guerrillas in other countries. We must note that our country is one of the smallest in the Americas and in the world. It is not the same as talking about a country of 1 million square kilometers, with experience in reserving certain areas for the demobilization of guerrilla groups. In the Salvadoran case, we have such a small territory that we cannot talk about allocating certain areas to be used by the FMLN. What we can guarantee is a respect for the cease-fire with international observance. We can guarantee that there will be no persecution. It would be impossible to legally recognize an area as an FMLN territory. [end recording]

Contrary to the statements made by Vice President Francisco Merino, Col. Inocente Orlando Montano, deputy defense and public security minister, said that the Armed Forces accept the guerrilla proposal. To comply with this, he said their presence will be allowed in the country's north.

[Begin recording] [Merino] We have agreed to delimit a few security areas. These are the areas where the FMLN forces would practically be concentrated. These are areas in the northern part of the country, where the FMLN is active. It is not like everyone thinks. These are not territories liberated by these forces. These are the territories in which they have been active and have had a greater presence in the 10 years of struggle. This is going to be delimited by both parties, I believe, with the mediation of the United Nations, as always.

[Reporter] Would this involve a division of the territory?

[Montano] No, that is not the case. I believe this concept has been misunderstood. We believe they are security areas for these forces, which will be reduced to a territorial area, where they are going to be practically confined to avoid any subversive action or any of the normal activities they usually carry out. [end recording]

Montano said that the decision to accept the rebel proposal does not mean these areas are liberated like the guerrillas claim. The statements made by both officials were made this morning prior to the upcoming meeting of the negotiating delegations from both sides, which makes one anticipate discussions regarding the rebels' territoriality, although both agree that the rest of the proposal is favorable.

Rebels Detain, Later Release Usulutan Mayor

PA2403220491 San Salvador LA PRENSA GRAFICA in Spanish 23 Mar 91 p 5

[Text] Manuel Eliseo Perdomo, the mayor of Usulutan and a member of Arena [Nationalist Republican Alliance], came close to being assassinated by a group of FMLN [Farabundo Marti National Liberation Front] members.

On 22 March, the official was driving a vehicle with license plates No. P-74-072. He was near the 90 km marker on the road to San Salvador, and as he was passing in front of the Lions Club School near the detour to Jiquilisco, he was stopped by members of the FMLN who had set up a barricade there.

According to the official version, when the rebels learned about Perdomo's identity, they discussed for a few moments whether or not to kill him. The rebels stayed for several hours, set Mayor Perdomo's vehicle on fire, and detained the mayor.

Miraculously, the priest of the Jiquilisco church, Father Jose Pena, arrived at the scene and intervened on behalf of the detainee. Mayor Perdomo was turned over alive, thanks to the priest's appeals.

Mayor Perdomo was nominated by Arena for the 10 March elections on the "National Ticket" for deputy to the Central American Parliament.

Government Said Waging Campaign Against Media

PA2403234791 (Clandestine) Radio Venceremos in Spanish to El Salvador 1800 GMT 23 Mar 91

[Communique issued by the Farabundo Marti National Liberation Front, FMLN, in El Salvador on 22 March—recorded]

[Text] 1. We are hereby announcing that the government has set in motion a plan against the media. It is subjecting television and radio stations to pressure, blackmail, and threats.

2. Directly involved in this campaign are President Cristiani and [Lieutenant Colonel Sigifredo] Ochoa Perez, [president of the Lempa River Hydroelectric Executive Commission], who have made threats against those media sources which have reported incidents that constitute objective proof of the Armed Forces' repressive activities against various national groups. In the case of Canal Doce television, they have pressed for the station director's dismissal.

3. We hereby warn national and international press associations to follow-up on this government activity, given the existence of precedents that prove that these type of threats are followed by specific actions such as the one perpetrated against DIARIO LATINO.

4. We blame Cristiani and Ochoa Perez for any attack that may be carried out against the media as a result of the threats that they have personally made.

5. When the need to democratize the country is being negotiated, these attitudes are coming at a bad time. The Armed Forces' high command, for instance, has announced that as of 15 April [radio and television] spaces will be closed so that the press can freely circulate throughout the country and fulfill its informative mission.

El Salvador, 22 March 1991

* Salvadorans Polled on Country's Problems

91P40187A San Salvador EL SALVADOR PROCESO in Spanish 13 Feb 91 pp 14-16

[Text] The University Institute of Public Opinion (IUDOP) of the Central American University (UCA) conducted a nationwide poll on 12-27 January to learn the current opinions of Salvadorans regarding the principal issues and problems in the country and their assessment of 1990. A fourth of the questions dealt with the elections.

The poll was conducted in 10 of the country's 14 departments and included some open-ended questions; it was conducted by going from house to house. The sample consisted of 1,192 valid forms. The design was based on a proportional division of urban areas into five social strata; in addition, there was one rural sector. The following is a summary of the most important results:

1. What is the principal problem in El Salvador at present?

The war	43.5%
Poverty, unemployment, and the high cost of living	25.1
The economic crisis	21.1
Other answers	9.2
Don't know/no answer	1.1

2. How would you rate the current situation as compared with the situation a year ago?

Worse/much worse	55.7%
Same	27.6
Better/much better	15.2

3. How is the current economic situation of your family as compared with the situation a year ago?

Worse/much worse	41.1%
Same	40.1
Better/much better	18.3

4. What is the primary cause of the war in El Salvador?

Social injustice	18.6%
Economic crisis, shortage of work	17.8
Ambition and the struggle for power	13.1
It is written in the Bible	3.8
Communism, Marxism	3.5
Corrupt governments	3.0
Human rights violations	2.5
Loss of moral values	2.3
Other answers	17.2
Don't know/no answer	18.2

5. What do you think of the idea of disbanding the Army and the FMLN [Farabundo Marti National Liberation Movement] as a way to achieve peace in El Salvador?

I agree	48.0%
I disagree	31.5
Only the FMLN should be disbanded	6.1
Only the Armed Forces should be disbanded	0.4
Don't know/no answer	13.0

6. How did the human rights situation change in El Salvador during 1990?

No change	44.8%
Improved	26.8
Worsened	18.3
Don't know/no answer	9.7

7. Who commits most of the human rights violations in El Salvador?

Armed Forces and FMLN equally	34.9%
FMLN	27.1
Armed Forces	13.2
Don't know/no answer	17.2

8. During 1990 did repression in El Salvador increase, remain the same, or decrease?

Remained the same	43.3%
Decreased	22.9
Increased	20.5
Don't know/no answer	11.2

9. Do you believe that most people are afraid to express their political opinions publicly or that they feel free to do so?

Afraid	73.9%
Feel free	20.0
Don't know/no answer	5.9

10. Did you vote in the 1989 elections?

Yes	61.7%
No	37.6

11. Do you have a voter registration card (carnet electoral)?

Yes	75.5%
No	11.4
Being processed	12.4

12. Are you planning to vote this year?

Yes	75.7%
No	12.1
Don't know/no answer	10.5

13. Are you planning to vote for the same party as in 1989?

Yes	31.2%
No	11.4
Don't know/no answer	19.8
Didn't vote	37.6

14. Which party do you think will win the upcoming elections?

ARENA [Nationalist Republican Alliance]	37.3%
PDC [Christian Democratic Party]	10.7
CD [Democratic Convergence]	3.6
PCN [National Conciliation Party]	1.0
MAC [Authentic Christian Movement]	0.8
Other	4.2
Don't know/no answer	42.4

15. How much confidence do you have in the following institutions?

	Much/Some	Little/None	Don't know/No answer
The government	46.1%	52.4%	0.6%
Legislative Assembly	35.2	60.7	3.3
Courts	33.4	63.4	2.3

16. What is your opinion of the following public figures?

	Good/Very Good	Poor/Very Poor	Don't know/No answer
Armando Calderon Sol	53.6%	17.3%	27.6%
Fidel Chavez Mena	48.1	21.0	29.2
Rene Emilio Ponce	30.7	18.5	49.8

16. What is your opinion of the following public figures? (Continued)

	Good/Very Good	Poor/Very Poor	Don't know/No answer
Sigifredo Ochoa Perez	29.5	23.9	44.9
Guillermo Manuel Ungo	27.0	29.0	42.3
Ruben Zamora	25.8	26.3	46.2
Roberto D'Aubuisson	24.8	41.4	32.5
Shafik Handal	10.4	30.9	57.6
Joaquin Villalobos	8.8	34.2	56.2

Guatemala

Editorial on Serrano; Remarks on Peace Agreement

PA2203193791 Guatemala City PRENSA LIBRE in Spanish 21 Mar 91 p 10

[Unattributed editorial: "Coincidences and Differences Between Serrano and the Guerrillas"]

[Text] The confusion experienced in Guatemala regarding President Jorge Serrano's plans for future peace talks with the guerrillas was clarified by the president yesterday in San Jose, Costa Rica, where he is on an official visit. The Guatemalan National Revolutionary Unity [URNG] guerrillas broke the silence, outlining their demands in a communique issued in Guatemala.

Serrano said he wants total peace in Guatemala and asked the guerrillas to come down from the mountains forever. He added he is only waiting for the URNG to present a work document on definite negotiations. With these words, the president specifically reported on what is happening in the drive to end the war that has been raging for over 30 years.

Responding to questions posed by William Cespedes, a UPI correspondent in Costa Rica, Serrano stated he is involved in a complete and categorical peace effort because he is certain that "the day the fighting stops, the problem of human rights violations in Guatemala will be largely solved."

For the president, peace is not merely the absence of war but also "the implementation of a policy of justice that allows the people in the mountains to stay in the lowlands and prevents other armed groups from feeling the need to go into the mountains."

Serrano wants, he said, a "peace with social justice, a peace that falls duly within the country's existing legal system to consolidate democratic institutions and to be able to move forward."

He reiterated he is willing to negotiate the last phase of the peace agreement with the rebel groups and that his government will go to Oslo, Norway, "firmly and strongly convinced of the advisability of signing a definite and total peace agreement."

This means Serrano's representatives will take to Oslo "serious proposals and will listen to the rebels' concerns to try to solve by mutual agreement the existing problems." He said his attitude has the firm and categoric backing of the Guatemalan Army, the parties in the Congress, businessmen, unions, and other sectors.

Regarding the remarks Dr. Hector Nuila gave to our special correspondent Alvaro Galvez, which caused quite a commotion because he said the URNG rejected Serrano's proposal, the president noted that "Nuila is not a commander but a spokesman."

"I and my government have been the ones pressing to have the bases for the talks and establish the place and date for the negotiations, not them," the president remarked. Serrano was even clearer when he said that if the URNG submits this document soon, he will set, "in the next five days, the place and date for the negotiation."

With the statements given to correspondent Cespedes during the visit to the Inter-American Institute on Human Rights, the confusion and doubt regarding the president's position were dispelled, but only on that matter.

In addition, the URNG General Command stated in a communique issued in Guatemala that the government-URNG talks were deadlocked. An ACAN dispatch sent to this newspaper noted that the situation of an impasse does not coincide "with the statements made by the government and the Army." It described the National Palace's information as partial and unilateral and reported that "there is not yet going to be a direct dialogue with the government and the top military command."

The URNG added that "after failing twice in its attempts to hold the meeting, on 14 March the URNG gave Monsignor Rodolfo Quezada Toruno, president of the National Reconciliation Commission, in the presence of UN observer Francesc Vendrell, a proposal to meet in Oslo on the occasion of the first anniversary of the Oslo Agreement."

In view of the above, the URNG noted: "President Serrano has given broad publicity to his stance that a total peace agreement should be signed in Oslo, without referring to the indispensable conditions and content that must be included in the process of finding a political solution to the armed conflict."

To conclude, the URNG noted "that the most important thing is to end the existing impasse and unblock the Oslo Agreement by holding the government-rebel meeting."

With these two statements—one by President Serrano and the other by the URNG—things fall into their due place. As even the most naive observer can see, there are differences between the guerrillas and the government, but not so great that they cannot be resolved. With or without a deadlock in the Oslo Agreement, the war can come to an end through a useful, efficient, and fair agreement. In the end, what matters is that the government and URNG representatives sign it. All the rest comes down to lengthy historical background.

URNG Reacts to Government's Refusal To Talk

PA2303163391 Guatemala City Teleonce Television in Spanish 0400 GMT 21 Mar 91

[Text] According to a document signed by Guatemalan National Revolutionary Unity [URNG] Commanders Rolando Moran, Pablo Monsanto, and Gaspar Ilom, and Carlos Gonzalez, secretary general of the Guatemalan Labor Party, the Guatemalan peace process is blocked due to [President Jorge] Serrano's refusal to agree to a public meeting to begin negotiations between the government, the Army, and the guerrillas.

The guerrillas claim that in practice the president's refusal has blocked the talks. They say that on 16 March, President Serrano announced an overall peace plan, without any reference to conditions or contents. The plan was to be signed in Oslo, Norway—the same place where on 30 March 1990 the basic agreement was signed to seek peace through political means, which paved the way to the peace talks between the URNG and various sectors of Guatemalan society.

The guerrilla command's document is the first official reaction to the government's publications on how the dialogue stands, which the URNG describes as partial and unilateral. The URNG leadership stresses that what is important right now is to break the Oslo agreement deadlock by holding a meeting in which a negotiating process can be agreed upon, and thus pave the way for a firm and lasting peace and the democratization of Guatemalan society, together with its institutions and structures, within a climate of social justice.

According to the URNG, on 14 March the Oslo proposal was delivered to Msgr. Rodolfo Quezada Toruño, president of the National Reconciliation Commission, in the presence of Francis Vendrel, personal representative to the UN Secretary General.

To conclude, the URNG document says that after agreeing on the negotiating process, this could be verified by the UN Secretary General, as well as by the National Reconciliation Commission.

Nicaragua

Government Delegation Goes To U.S. Seeking Aid

PA2303235191 Panama City ACAN in Spanish 2205 GMT 23 Mar 91

[Text] Managua, 23 Mar (ACAN - EFE)—A Nicaraguan Government delegation headed by Minister of the Presidency Antonio Lacayo traveled to Washington today to request aid from the international community to face Nicaragua's foreign debt, estimated at approximately $360 million.

At the meeting, which will be held 25-26 March, the Nicaraguan delegation will inform representatives of friendly countries about its objective to normalize Nicaragua's relations with the World Bank and the Inter-American Development Bank. To do this, Nicaragua must pay $360 million in overdue bills to those institutions.

Shortly before departing for Washington, Lacayo said during a news conference that he is optimistic about receiving financial backing from the world community to reduce Nicaragua's hyperinflation. He said that Nicaragua expects to have that money by May to pay its bills. Once Nicaragua pays its bills to the multilateral organizations, it will have access to "fresh" loans from the two international banks listed here.

The Nicaraguan Government will attend the meeting certain that it will obtain international aid because, Lacayo said, just as it has consolidated the country's peace, it will stop hyperinflation, which in 1990 reached the 14,000 percent level.

The Nicaraguan minister, considered the "leader" in the cabinet of President Violeta Chamorro, is traveling with Finance Minister Emilio Pereira, Economy and Development Minister Silvio de Franco, Foreign Cooperation Minister Erwin Krugger, and Deputy Minister of the Presidency Antonio Ibarra.

Other members of the Nicaraguan delegation are: former Vice President Sergio Ramirez and First Deputy President of the National Assembly Luis Sanchez.

Humberto Ortega Asks Salinas To Help With Aid

PA2303182091 Hamburg DPA in Spanish 1924 GMT 21 Mar 91

[Text] Mexico City, 21 Mar (DPA)—Humberto Ortega, chief of the Nicaraguan Army, has said in Mexico that Nicaragua's political stability runs the risk of being disrupted if financial aid from the international community does not arrive very promptly.

In an interview published today by the newspaper EXCELSIOR, the former Sandinist commander explained that during his visit to Mexico, which ended yesterday, he met with President Carlos Salinas de Gortari to ask him, on behalf of President Violeta

Chamorro, to convince the international community to grant financial aid to Nicaragua.

Salinas' reply was "very positive" because the Mexican president voiced his willingness to mediate in this matter, Ortega said in his first public statements on his Mexico visit, which took place amid absolute secrecy.

The brother of Former President Daniel Ortega warned that if international aid does not arrive as soon as possible, the Nicaraguan people's efforts to achieve political stability might be frustrated.

We have punctually complied with IMF demands and we now want a prompt reply because the people are at the brink of a social explosion," the Nicaraguan military leader added.

Moreover, Ortega said, if Nicaragua fails to bring about national reconciliation because of a lack of foreign economic support, Latin America's revolutionary movements "will distrust political solutions with the governments of their respective countries."

This is why, he added, the willingness of these armed movements to lay down their arms will depend on the treatment, in the aspect of financial aid, given by the international community to Nicaragua.

Ortega reported that he also met with Mexican Defense Secretary Antonio Riviello to ask him to help institutionalize the Nicaraguan Armed Forces and help them adopt certain characteristics of the Mexican Army.

He said that Salinas and his Cuban counterpart Fidel Castro agree on supporting a political solution to the Salvadoran conflict. Ortega added that Salvadoran President Alfredo Cristiani also advocates a negotiated peace with the Farabundo Marti National Liberation Front (FMLN).

Union Leader on Continuation of Banking Strike

PA2103192291 Managua Sistema Nacional de Television Network in Spanish 0330 GMT 20 Mar 91

[Interview with Juan Vasquez, leader of the Banking Employees Federation (Federacion de Empleados Bancarios), by unidentified reporter; from the independent "Extravision" newscast, directed by Manuel Espinoza, former information minister under the Ortega administration—live]

[Text] [Reporter] What is the strike situation now and how are the negotiations going?

[Vasquez] The negotiations are at an impasse. What is the strike situation? The answer is clear—the workers have halted banking activities for the day. We find that in Managua, 85 percent of the branch activity of the financial system and the Nicaraguan Central Bank have come a standstill, and the workers have taken over those banks. What proof is there of that? We find that the Nicaraguan Central Bank was taken over by workers, the National Bank's main offices were taken over by the workers, as were the main offices of the BANIC [Bank of Nicaragua], the Popular Credit Bank [Banco de Credito Popular], and the Mortgage Bank [Banco Inmobiliario].

What is happening in the regions? We closed the branch offices in the regions. We can see that the branches in the special zones—Puerto Cabezas, Siuna, San Carlos, and Bluefields—are closed. In Region 5, Juigalpa, Boaco, Nueva Guinea, and Region 2 the banks are closed. What does this mean? The talks are at an impasse. The government and its representatives have not sat down to negotiate. Today we closed six more branches.

[Reporter] Nicaraguan Central Bank authorities, that is, the bank manager, has told us that it is presently impossible to make adjustments or grant the increases you are requesting. Why do you think the national financial system can make these adjustments?

[Vasquez] As a financial system, we have always conducted salary negotiations without government involvement. The banks' problems are not a secret to anyone. However, the government has the responsibility of solving the problems of salaries and job stability. When the government announced its policy last weekend, the authorities said that the only adjustment they could give us was a factor of 2.6.

After the FNT [National Workers Front] sat down to negotiate with the government, we found that there cannot be any more increases. The overriding view is that the financial system has no liquidity. This contradicts remarks by Central Bank and Corfin [National Financial Corporation] authorities with regard to the status of the national banking system.

Under these circumstances, we demanded and made specific proposals on an across-the-board program to capitalize and modernize the banks. We have, of course, not received any answer at this point. What happens? This is not a duty of the workers, but of the government. Today, we held negotiations with some banking officials. The banks can pay higher salaries.

[Reporter] Some feel that since the FNT accepted a truce, there is no justification for the strikes in any institution. There is no justification for it because the FNT made a commitment. Can you not hold negotiations without a strike?

[Vasquez] These are the facts. When the Federation and its employees were conducting a sit-down strike, banking authorities refused to negotiate. It is less likely that they will agree to negotiate salaries if the employees do not go on strike.

[Reporter] Did the National Bank authorities make any promises?

[Vasquez] The fact is that they have always made promises, but have never kept them. They promised the Federation that they would negotiate salaries in October and later in January. January and February have gone

by, we are now in March and we have not negotiated salaries. Now, they are limiting us to some agreements. That is fine. We can allow a truce, but based on the negotiations we can conduct, as a Federation, on wage matters. As long as there is no negotiation on wages, we cannot allow a truce. That is the employees' view.

[Reporter] Is there a possibility of a truce?

[Vasquez] There is, and we are clear on this, but it will depend on them. We are leaving it up to them. We must still have an answer on salaries.

Update on Strikes

PA2103220291

[Editorial Report] Managua Radio Sandino in Spanish at 1200 GMT on 20 March broadcasts three reports lasting two, four, and five minutes, respectively, on the current situation of strikes and demonstrations in the country.

The first report says that "the perspective for the eight higher education centers in the country looks more difficult each passing day," since, with the 3 March devaluation, the budget was cut by "more than 40 percent." The report quotes Dr. Alejandro Serrano Caldera, president of the National Council of Universities, as saying that "the government refused to increase the budget of the universities that are having difficulties paying workers and educating students."

The report further says that after meeting with Presidency Minister Antonio Lacayo, the university rectors "are demanding that the budget be multiplied by four, and not two and a half as it was really done." The report adds that the National Council of Universities will remain in a state of "permanent session."

The report says that "students, professors, and workers from all universities will march today at 1100 [1700 GMT] to the Presidential House" to demand the reevaluation of the universities' budget. The demonstrators will march from the Ruben Dario University Center to the Presidential House to demand a 123 million gold cordobas budget, the report adds.

A second report quotes banking leader Lino Areas as saying that "the banking system has been paralyzed throughout the country." The report further cites Areas as saying that "the main banks and their respective branches of the national financial system have been paralyzed by the striking bank workers, who continue to demand wage increases." According to Areas, the report adds, "the offices of the Central Bank, National Bank, Housing Bank, and Nicaraguan Bank in Managua as well as elsewhere in the country have been closed."

The report quotes Dr. Jose Felix Solis, Central Bank first vice president, as saying that "the banking strike is adversely affecting the agricultural export production." The report further quotes Solis as saying that "the strike and takeover of buildings have also affected the conversion of the old cordoba to the gold cordoba system, the cashing of checks, saving deposits, and all daily banking and financial operations."

The third report consists of a station commentary by Jose Esteban Quezada. He says that Dr. Solis spoke very eloquently when he urged the workers to reflect on the situation and pointed out that they are hurting the country's economic activity.

It is indeed true, Quezada says, that the strike is affecting the country's economic activity, because the Central Bank has not been able to process transations worth millions of gold cordobas. However, Quezada claims that the Central Bank must tell the people how former Central Bank President Francisco Mayorga spent a $48,000 expense account. He wonders why Central Bank President Raul Lacayo and his deputy Jose Solis are not saying anything about this.

Quezada argues that bank workers are demanding salary negotiations because they have not received any adjustments and they want a more mature treatment of the banking problem, because it is a serious one.

Quezada also comments on efforts being made by a deputy to present a bill at the assembly to prevent prices from skyrocketing. He points out that "we will see whether laws will stop prices from rising, because no law, roadblock, jail, or bullet was able to stop prices from rising during Sandinist times."

Airport Reopens

PA2303171091 Paris AFP in Spanish 1625 GMT 23 Mar 91

[Text] Managua, 23 Mar (AFP)—Official sources have reported that Managua's Sandino International Airport reopened today after air traffic controllers decided to return to work during negotiations over wage demands.

The controllers' decision to return to their jobs allowed the government delegation, led by Presidency Minister Antonio Lacayo, to leave for Washington. The delegation will participate in a conference of countries that give aid to Nicaragua; the conference is scheduled to begin on 25 March.

The controllers claim that the economic measures introduced by the government in early March have cut their salaries from $300 to an average of $100 per month.

The strike, which began on 22 March, prevented the arrival of four international flights.

Delegation Departs; Proposals To Be Studied

PA2203035891 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 20 Mar 91

[Text] A Spanish military delegation has taken a number of proposals by the Nicaraguan Army back to Spain to establish a framework of cooperation between the two

military corps. Bidding farewell to the Spanish delegation, headed by Colonel Manuel Maldonado, were the Army members that had participated in the 15 days of talks regarding the framework of future relations between the EPS [Sandinist People's Army] and the Spanish military force. Among the topics discussed was cooperation in the servicemen's social welfare and the establishment of a military academy in Nicaragua.

[Begin recording] [Colonel Hugo Torres, EPS General Staff member] The fields of cooperation deal with military engineering, to help our engineering units conduct their own work, as well as the social work that can be done opening roads and building bridges.

[Maldonado] If this matter is continued, other groups will come in the future to study different areas of (?cooperation). [end recording]

The delegation is taking with it the proposals to be studied by the Spanish Defense Ministry.

Central Bank President Interview on Strike

PA2103194191 Managua Sistema Nacional de Television Network in Spanish 0330 GMT 20 Mar 91

["Exclusive" interview with Central Bank President Raul Lacayo by an unidentified reporter; no date or place given—recorded]

[Text] [Lacayo] First of all, I must explain about the strike because a lot is being said. In reality, there are several labor unions in the banking system, and not all of them agree with the strike. The only one that has supported and promoted the strike is the UNE [National Union of Employees], which is to be expected since it is a member of the FNT [National Workers' Front]. The FNT is an umbrella group for all of the labor organizations in which the UNE is involved.

[Reporter] Nevertheless, they represent the majority of workers.

[Lacayo] That is debatable. We would have to conduct a democratic count to see who is affiliated with whom. However, that is not relevant at this time. What is relevant now is that the FNT has just signed an agreement with the government in which it literally states its eagerness to strengthen the concerted social and economic effort and reiterates its pledge to guarantee the uninterrupted functioning of the country's productive and service activities.

[Reporter] Nevertheless, Agreement 4 states that the autonomous institutions decided that they would negotiate their salaries if they had to, apart from the FNT.

[Lacayo] On the one hand, they pledged to continue providing products and services, while on the other, they are free to negotiate. Nevertheless, the financial situation of the institutions involved in the negotiations must be taken into account.

The financial system—as is well known to everyone including the striking bank employees—is in a very delicate financial situation. In addition to this, it is one of the best paying groups in comparison to the ministries and other institutions. It is improper for employees to paralyze the banks at a time when the financial system's situation is so delicate, and it contradicts the FNT's agreement.

[Reporter] Nevertheless, the situation of the national financial system is not the same as that of the central government's. The problems faced by the central government and the ministries are not the same as the national financial system's because the latter will recover through its operations. Why, then, can there be no salary increase?

[Lacayo] The financial system does not necessarily recover through its operations. For the past several years, the financial system has been hard hit by negative interest rates, reduced deposits, and waived loans, to the point where it is rather in need of capital. The financial system is facing a difficult economic situation, and it cannot offer any more salary increases than those agreed upon with the central government; in other words, 2.6 percent.

[Reporter] Nevertheless, if the government were to agree to an increase, how much would it be?

[Lacayo] We cannot agree to any salary increase because of the banks' financial situation.

[Reporter] What must we expect in light of the workers' assurances that they will continue to strike to the very end?

[Lacayo] I would like you to ask them that question. The government has, in fact, been open to dialogue. We have just signed agreements with two other unions, the Independent Union of Bank Employees [Sindicato Independiente de Trabajadores Bancarios] and the Democratic Union of Bank Employees [Sindicato Democratico de Trabajadores Bancarios], which will facilitate the workers' access to the financial system's commissaries over the next several months. We have also postponed payments to these stores, which will temporarily ease the workers' burden.

[Reporter] I must return to my previous question. These unions do not necessarily represent the majority of workers. The UNE workers or leaders have given assurances that the [word indistinct] workers surpass 90 percent. If you signed agreements with those two unions that do not represent the majority, what will happen to the majority that the UNE claims to have if it does not sign these agreements?

[Lacayo] The unions that we signed agreements with have given assurances that they represent 95 percent of the workers. They say that only five percent of the workers are involved with the UNE. Since we have signed with this majority, and since our position on the

national financial system's inability to raise salaries is reasonable, and since the FNT agreed with the government to resume its services and raise production, we cannot raise salaries.

[Reporter] What about the workers who are out there in the bank's parking lot?

[Lacayo] They constitute five percent of the workers.

[Reporter] Have you monitored the regions concerning the bank branches that are on strike?

[Lacayo] Yes. Most of them are working. Almost all of them are operating.

[Reporter] Which ones?

[Lacayo] Almost all of them are operating.

[Reporter] Which ones?

[Lacayo] I cannot name all of them, but I can get you a list. Listen, what is happening now is really not reasonable. We must be aware that the country cannot succeed like this. We are not playing games here. It is wrong to paralyze the banking services; it will lead to nothing. There is no reason for the financial system employees to be requesting salary increases if we compare their salaries to those of employees at other autonomous institutions.

Sandinist Deputies Support FNT Agreement

PA2203185191 Managua Sistema Nacional de Television Network in Spanish 0330 GNT 19 Mar 91

[Statement by Deputy Sergio Ramirez, president of the Sandinist wing of the National Assembly, in Managua on 18 March; from the independent "Extravision" newscast directed by Manuel Espinoza, former information minister under the Ortega administration—recorded]

[Text] The Sandinist wing of the National Assembly fully supports the agreements reached between the government and the National Workers Front, FNT, and National Health Workers' Negotiating Commission. The agreements will bring about solutions to some of the socioeconomic conflicts that are of serious concern to large sectors of the population, and will thus contribute to the stability that all Nicaraguans want.

The Sandinist wing feels that these agreements, as a whole, will balance the costs of the economic stabilization program, without which the program is not feasible. The Sandinist wing wishes to emphasize that it is absolutely necessary for the government to strictly comply with the commitments it has made with the FNT because, in so doing, it will provide security and improve its credibility.

In concluding, the Sandinist wing feels the agreements reached are a result of the flexibility of both parties, but particularly a result of the struggle and sacrifice made by the members of the FNT, an organization that has strengthened its right to represent the interests of the workers.

We owe special recognition to and have great admiration for the health workers, who have waged one of the most noble and heroic struggles of the Nicaraguan people's movement for the sake of the general interests of society.

Based on the above, the Sandinist wing calls on all political sectors represented in the National Assembly to issue a statement supporting these agreements. Tomorrow, the Sandinist wing will ask the National Assembly to issue a statement supporting the agreements that were reached today between the FNT and the government.

Panama

Linares on U.S. Bases Remaining, Bill on Canal

PA2203225691 Panama City Circuito RPC Television in Spanish 2300 GMT 21 Mar 91

[Italicized passages are recorded]

[Text] The time period for U.S. bases to remain in our country will not be extended, Foreign Minister Julio Linares said today. According to a dispatch datelined in Washington, the U.S. military might stay in Panama after 31 December 1999, the term set for the return of the Panama Canal, if a bill introduced by two U.S. congressmen is approved. When asked about this situation, Foreign Minister Linares said the following:

[Linares] *It is sad that on the threshold of the 21st Century there are still U.S. lawmakers who want to change the course of history. The treaties on the Panama Canal concern two nations. For that reason, it's legal standing is higher than any law that might be passed by the U.S. Congress.*

The bill, sponsored by Indiana Congressman Larry Craig and Illinois Congressman Philip Crane, asks U.S. President George Bush for a new treaty, extending the existing one to protect U.S. interests and to ensure the continued operation of the waterway in the 21st Century. The request is based on the Panama Canal's vital strategic value to the United States and its allies and on the feeling that U.S. troops provide the best defense against sabotage and other threats to the commnications path between the Atlantic and Pacific Oceans. Another region cited by the congressmen is that the region has a history of unstable governments, which imperils the Panama Canal's future operations.

[Linares] *The bill would obviously affect the good relations that should exist between Panama and the United States, especially at this time. The Panamanian Government does not plan to accept any request, even if it is backed by law in the United States.*

Legislator Francisco Artola, vice president of the Committee on Panama Canal Matters, did not rule out the possibility that this U.S. proposal could be submitted to the people of Panama.

[Artola] *We would have to study it, because this is a very special topic that is of concern to all Panamanians. We would have to have a consensus nationwide to see what the Panamanians would decide regarding possible negotiations on the U.S. military bases. I think this proposal must be considered and weighed with the utmost care to see if it serves the interests of the fatherland.*

Vice President Ford on Constitution, Treaties

PA2403015791 Panama City LA PRENSA in Spanish 23 Mar 91 p a1

[Report by Althea Foster de Chavarria]

[Text] Panamanian Second Vice President Guillermo Ford has defended the draft amendments to the Constitution that call for the elimination of the Armed Forces, as this is basic to eliminating, once and for all, all traces of militarism that might spring up again in Panama.

In addition, Ford has ruled out that the draft amendment is related in any way to the proposal made by some U.S. Republican senators on the U.S. troops staying in Panama beyond the year 2000.

According to Ford, the draft amendments to the Constitution "seek to definitely bury militarism in the country."

He explained, however, that the Republicans' proposal has been a "sheer coincidence" with the Panamanian proposal, because the constitutional amendments have been under study since last year.

To this effect, he said it is still too early to talk about any possibility of amending the canal treaties or of extending the U.S. military presence in Panama. "I think the decision on whether or not to renegotiate the treaties should belong to the next administration, because the current one must work primarily on consolidating democracy and defining several basic aspects of the country," the official emphasized.

Concerning the deterioration of relations with the United States as a result of the U.S. proposal, Ford said that any proposal made by one state to another "does not necessarily have to harm current relations," as long as there is no imposition.

Meanwhile, Jose Antonio Sossa, chairman of the Government Commission of the Legislative Assembly, said that the draft amendments to the Constitution are in line with the feelings of the people, who consider the military a potential threat of a return to a dictatorship.

Sossa said that no Panamanian wants again in the country "the harsh dictatorship that the military imposed for 21 years, or for public funds to be used to satisfy the arms race wishes and the vanity of a group of military members."

Alberto Conte, leader of the Civic Crusade, said that the best protection against militarism is to inject the present generation with an understanding of civilian rule, respect for the institutions of the state, and above all, respect for the basic rights of mankind.

On the contrary, Gerardo Gonzalez, president of the Democratic Revolutionary Party (PRD), said that the draft on reforms "is a violation of the Torrijos-Carter treaties" signed in 1977. The opposition politician said that the treaties clearly establish that Panama "has the solemn obligation to participate in the protection of the canal in the year 2000."

Deputy Minister on Pressure To Sign MLAT

PA2303135491 Panama City ACAN in Spanish 1527 GMT 22 Mar 91

[Text] Panama City, 22 Mar (ACAN-EFE)—Panamanian Deputy Foreign Minister Jose Raul Mulino has said that the United States is pressuring Panama to sign the Mutual Legal Assistance Treaty (MLAT) to fight drug trafficking and "money laundering" crimes.

During a meeting with businessmen on 21 March, Mulino said that Panama and the United States will "soon" sign the MLAT, not as a result of a "unilateral imposition," but after negotiating an issue of "mutual interest" that will preserve the interests of both countries.

The deputy minister said that the signing of the MLAT, which must be ratified by the Panamanian Assembly and the U.S. Congress, will not bring about the end of banking secrecy or the closure of banks operating in the country.

Panama's international banking center, Latin America's most important "fiscal paradise" with 110 banks, has been the target of numerous attacks because of its alleged participation in "money laundering."

Panama has suffered "heavy offense and condescension" because of a "disinformation campaign" mounted by the press and U.S. legislators, who insist on saying that this country is a "money launderer," Mulino added.

Mulino regretted that the MLAT is being used in the United States as instrument of domestic politics by the democrats, who are reproaching the ruling republicans for not even being able to sign an agreement of this nature with Panama.

He added that Panama is analyzing the U.S. proposal on the MLAT because it does not accept introducing into it such aspects as the prosecution [persecusion] of fiscal crimes committed in the United States.

If the MLAT is accepted as proposed by the United States, one of the pillars of the Panamanian economy—the financial center—would be affected, "and we cannot accept it as is in exchange for $420 million in economic aid," the deputy minister said, referring to the fact that part of the U.S. aid to Panama has been conditioned to the the agreement being signed.

Mulino added that his government was "pushed" into negotiating with the United States under "the least favorable" conditions in the aftermath of the "traumatic experience" brought about by the 1989 U.S. invasion, of which "no Panamanian who loves himself can be proud."

However, he believes that it is "necessary" for Panama to sign a MLAT "with any friendly country" to eliminate the "negative image" that has been projected that this country's bankers are exclusively engaged in "money laundering."

He rejected recent statements by U.S. senators who said in Washington, following a two-day visit to Panama, that the transshipment of drug trafficking dollars has increased.

There is "very little" that Panama can do "to counter the discrediting machinery" because of its economic constraints, Mulino added.

He pointed out that there is "ill-will" toward the Panamanian Banking Center and added that huge "scandals" involving "money laundering" have been discovered in the United States, but no banks have been closed there as a result, but in Panama "they have been."

On his part, Edgardo Lasso Valdes, president of the Panamanian Banking Association, has said that measures to control the "laundering" of money have been applied for the past four years, and added that this illegal activity has not been eliminated "even in the United States."

As for the congressmen's claim that "money laundering" has increased in Panama, Valdes added that he presumes that the congressmen who said that "are saying so because they spoke to the drug traffickers," although he admitted that "not all bankers are angels."

Meanwhile, Jose Noriega, president of Panama's Commercial Law Association, has said that this country is facing "unjust and ignoble double pressure" from the U.S. Congress and the press to sign the MLAT.

Noriega warned that yielding to U.S. pressure could lead to "ruining" Panama's service sector, which generates 81 percent of the country's GNP.

The jurist denied that Panama is a "drug trafficking center" and said that "we are certain that large New York and Miami banks are laundering amounts of money that far exceed amounts that could be transshipped here."

Cruz Says Country Going Through 'Crisis'

PA2403234291 Panama City LA ESTRELLA DE PANAMA in Spanish 23 Mar 91 pp 1, 2-A

[Text] Attorney General Rogelio Cruz met with the press on 22 March and said that "not only the Attorney General's Office, but the entire country is going through a crisis that has yet to be overcome."

Cruz also said that "the Attorney General's Office cannot be healthy if the entire country is sick."

Among other things, Attorney General Cruz reported that on 4 and 5 April, he will represent the Republic of Panama at the annual UN meeting on human rights. Government opposition members and arrested and exiled military personnel are saying that human rights are being violated, but he will prove that it is not so, he said.

Cruz also made reference to the fact that former Colonel Eduardo Herrera made statements at the District Attorney's Office, which is investigating his case. Herrera has been charged with escaping from prison, attempting a coup against state security, and rebellious actions. Cruz said that Herrera could be sentenced to house arrest or be freed on bail or "other precautionary measures," which he did not describe, could be taken.

Attorney General Cruz said that unfortunately, in Panama, some sectors promote a spirit of vengeance, not justice. He said that it is the responsibility of the Attorney General's Office's to tell the difference between justice and vengeance.

Regarding the persistent robberies that keep the country in a state of uncertainty, he said: "Some of the information suggests that some active duty and former members of the Public Force are involved in a number of criminal activities. These criminals operate in groups and it is suspected that there could be political interests in destabilizing the country."

He announced resignations, transfers, promotions, and demotions in the Attorney General's Office for next week. Regarding the investigations being carried out regarding the 10 million balboas that were used while former president Eric Arturo Delvalle was in exile, Cruz said that there are many persons of different professions involved in the handling of those funds.

Government Apologizes for Vote Against Guatemala

PA2303144891 Panama City Circuito RPC Television in Spanish 1730 GMT 16 Mar 91

[Text] The Panamanian Government apologized to the Guatemalan Government for voting against Guatemala during a recent meeting of the UN Human Rights Commission in Geneva. The vote resulted from a personal mistake of the Panamanian Ambassador. According to Panamanian Ambassador Julio Linares who is currently visiting Guatemala, Panama wants

human rights to be respected in all countries. The Guatemalan case, however, had to be viewed in light of the fact that the current government of Guatemala has been in office for only a short time. Aided by Panama's vote, the Geneva meeting condemned Guatemala for human rights violations.

Arnulfist Party Communique; Group on Alert

PA2303134091 Panama City LA ESTRELLA DE PANAMA in Spanish 19 Mar 91 pp 1, B-6

[Text] The Arnulfist Party's National Directorate, during a meeting last night, agreed to declare themselves in permanent session and called on all provincial, district, and local directors, as well as the party's rank and file, to be on a permanent state of alert to defend the nation's most precious interests.

The Arnulfist Directorate expressed itself on the night of 18 March along these lines on a national level in light of the accusations presented against President Endara at the Legislative Assembly for alleged crimes against the sovereignty of the state. The Arnulfists claim that the accusations were presented by "those who stand against our nation's advance along the road of justice and progress."

"We urge all Panamanians who believe in civilian rule to be on alert to guard our democracy and we reiterate our support and loyalty to the constitutional president of Panama, Guillermo Endara Galimany."

Communique:

The Arnulfist Party's National Directorate, in light of the accusations presented against the president of the republic for alleged crimes against the state's sovereignty, has resolved to declare itself in permanent session. These accusations against President Endara were presented at the Legislative Assembly by those who stand against our nation's advance along the road of justice and progress. We call on all provincial, district, and local directors, as well as the party's rank and file, to be on a permanent state of alert to defend the nation's most precious interests.

The nation already has enough problems, therefore there is no need for some members of the Legislative Assembly to stage—together with those who fraternize with the enemies of democracy—a scandal against President Guillermo Endara Galimany, without any legal grounds.

These actions, on a local and international level, leave the impression of an unstable nation, further eroding possibilities for investment that consequently translates into the deterioration of the already depressed Panamanian economy. The neediest sectors in our nation are the most affected by these actions.

The entire nation is aware that the president, his cabinet, and his political advisers all participated in the 5 December 1990 decision. A majority of members of the Legislative Assembly—among which are some who have currently agreed to hear the accusations—marched to the Presidency and stated their full support for President Guillermo Endara Galimany, thereby allowing our nation to continue to live amid democracy.

We cannot explain the current statements made by high-ranking officials who now seem to say that this decision had been unilaterally made. This decision not only had the support of these same government officials, but also of the community as whole, who did not want to go back to the horrendous narco-dictatorship that oppressed us mercilessly for 21 years.

There is no explanation why the Legislative Assembly Commission agreed to hear the allegations presented by the accusing lawyers without any legal evidence for the case. Contrary to what is legally established, it allowed the accusing lawyers to present their case before deciding if it was going to be admitted; legally this should have never occurred.

What is legally admissible, and what we justly demand, is that the corresponding Legislative Assembly Commission reject outright the accusations, given the lack of evidence, and furthermore that it set down that President Guillermo Endara Galimany's actions do not constitute any crime listed in our penal code.

We urge all Panamanians who believe in civilian rule to be on the alert so that our democracy prevails and we reiterate our support and loyalty to the constitutional president of Panama, Guillermo Endara Galimany.

Panama, 18 March 1991.
Francisco Artola A., president a.i.
Hector Penalba, undersecretary .

Poll Gives Endara 14-Percent Popularity Rating

PA2103235191 Panama City LA PRENSA in Spanish 21 Mar 91 p 1A

[Report by Zoila Rodriguez Jovane]

[Text] Of the three members on the presidential slate, President Guillermo Endara is considered the "most inefficient," according to the latest survey released by Dichter and Neira. This company, which was tasked by "LA PRENSA" to conduct the poll, surveyed 1,017 people aged 18 or older in the provincial capitals.

The approval rate for the president was 14 percent, only surpassed by the poor rating of Attorney General Rogelio Cruz, who got 6.9 percent; Presidency Minister Julio Harris received 10.5 percent; and the Public Force Director Ebrahim Asvat obtained 13.2 percent.

The approval rate obtained by Cruz "represented once again the lowest of all government officials," according to the survey. This shows a drastic reduction in the approval rate for the attorney general, which fell from 15 percent in August of last year to nine percent in November and 6.9 percent in March 1991.

Cruz recently underwent extensive questioning by the legislators, who demanded in the plenum that he give an account of his work at the head of the Attorney General's Office. He linked his performance at the Attorney General's Office to the lack of protection by the police, led by Asvat.

Government action by 54-year-old Endara has been strongly criticized. This criticism has further intensified because of public statements by Endara's wife Ana Mae Diaz, who is 24 years of age.

In the first survey, which was conducted in August 1990, Endara received a 32.2 percent approval rate, which shrank to 25.2 percent in November of the same year. This rating fell sharply, as the last survey revealed an 11 point drop.

Among others who got poor approval ratings, Vice President Ricardo Arias Calderon, who also occupies the conflicting portfolio of government and justice, received 16.1 percent; and Guillermo Ford, second vice president and minister of plannning and economic policy, obtained 35.4 percent. This is a favorable rating, if compared with the ratings of other leaders in the ruling alliance.

Since the August 1990 survey, Guillermo Ford managed to go up from a 51.8-percent approval rate to 56.4 percent in November of the same year. According to the latest survey, however, Ford's popularity rate went down 21 points.

Meanwhile, from August to November 1990, Arias Calderon's approval rating went down from 28.6 percent to 19.5 percent. According to the latest survey, the popularity of Arias Calderon declined by another three percentage points.

Among the lowest approval rating averages belong to: Housing Minister Raul Figueroa, a member of the Christian Democratic Party [PDC], who received 12.7 percent; and Jorge Ruben Rosas, labor and social welfare minister and member of the Molirena [Nationalist Liberal Republican Movement], who obtained 15.6 percent.

Figueroa has had to face the greatest number of demonstrations due to unsolved housing shortage problems, made worse after El Chorrillo burned to the ground on 20 December [1989]. Rosas' post handles the complaints of a great number of the unemployed.

On the opposite side, once again Customs Director Rodrigo Arosemena was the official who received the most praise with a 59.6 percent approval rating. Arosemena is known for his arguments on drug problems and for having been the main adversary to Leslie Loaiza's work as former Judicial Technical Police director.

The woman official with the highest approval rating—the only woman in the Cabinet Council—is Education Minister Ada Luz de Gordon, a PDC member, who received a 45-percent approval rate, followed by Comptroller General Ruben Carles, a Molirena party member, who received 39.1 percent, despite both having engaged in a serious public argument.

In ascending order of popularity are Commerce and Industries Minister Juan Chevalier who received a 17.8 percent approval rate, Agricultural Development Minister Ezequiel Rodriguez with 18.7 percent, and Foreign Relations Minister Julio Linares with 19.5 percent.

Linares is followed by Finance and Treasury Minister Mario Galindo with 21.5 percent, Public Works Minister Rene Orillac with 21.7 percent, and Jose Trinidad Castillero, who holds the health portofolio, with 29.2 percent.

The sampling, which took place between 22 February and 3 March, was obtained among 51.1 percent men and 48.9 percent women in the cities of Panama, Colon, David, Las Tablas, Chitre, Santiago, Penonome, La Chorrera, and San Miguelito.

Displays of general discontent seem to be on the increase, despite there still being 1,276 days left before 30 Ocober 1994—the date marking the end of the presidential term.

Argentina

Senate Passes 'Autumn Plan'; Cavallo Comments

PY2403211091 Buenos Aires BUENOS AIRES HERALD in English 24 Mar 91 p 4

[Excerpts] (NA-DYN)—In the small hours of yesterday morning the Senate approved the new set of economic measures known as the Autumn Plan, including the dollarization of the austral, and handed the draft law over to the Lower House of Congress.

The bill presented by the government suffered only a few minor technical amendments and was passed 27-7 by legislators from the Justicialist, Corrientes Liberal-Autonomist, San Juan Bloquista and Neuquen Popular Movement parties, against the votes of Radical senators.

The government managed to ram the bill through the Senate in a record 48 hours after unveiling the new economic plan on Wednesday night. The Lower House is now expected to table the draft legislation before the end of the month.

The government yesterday denied the Autumn Plan was launched for electoral purposes.

The mastermind of the plan, Economy Minister Domingo Cavallo, said "electoral demagoguery has been eradicated" from the Peronist government.

But while downplaying the electoral aims of his announcement, Cavallo expected the government's popularity to rise in its aftermath. "We believe the maturity of the Argentine people will make them reward our efforts to properly organize the economy with their votes," he admitted. [passage omitted]

Cavallo, in statements to Radio el Mundo, said a fiscal balance would be achieved by April. "The accounts are balancing and there is every indication we will have a full fiscal balance next month," he said.

"This is essential because there will be no possibility of printing money," explained Cavallo, adding that "tax collection will be enough to meet all the government's commitments at home and abroad."

The minister also stressed the importance of submitting the plan for legislative approval because "the Constitution states that the currency system and value must be established by Congress.

Cavallo insisted "there is no chance of demagogic measures in the run-up to the elections because there will be no way to finance them."

Lower House majority leader Jose Luis Manzano echoed these views, saying the Autumn Plan "goes way beyond" the electoral month of September because it will spur "great reactivation."

The time chosen for the announcement of the plan was decided by the Economy Minister," said Manzano, claiming there was no pressure from the political sector to launch the new package.

Manzano also said the dollarization of the economy was on the agenda since Cavallo took office last January.

Politicians, Stock Market React to Economic Plan

PY2203003091 Madrid EFE in English 2325 GMT 21 Mar 91

[Text] Buenos Aires, March 21 (EFE)—The Argentine stock market soared 40 per cent on Friday [as received] after the government unveiled a plan to peg its plunging currency to the dollar next month in a further attempt to revive the economy.

Pro-government conservatives expressed cautious optimism towards the new measures while businessmen and opposition leaders were more critical of the plan, which was unveiled Wednesday night [20 March] by Economy Minister Domingo Cavallo.

Conservative deputy and former presidential adviser Alvaro Alsogaray said the plan could work if the fiscal deficit was eliminated. "This plan is feasible, and it is very important to show one's faith in it and back the Government which is showing its intention to end the crisis," said Alsogaray, a deputy of the right-wing Democratic Centre Union.

But radical economist Jesus Rodriguez said the new measures relied too heavily on a rapid fiscal recovery "which is impossible to achieve in the near future."

Under the government proposal, beginning April 1 the dollar may be freely traded in Argentina at a fixed rate of 10,000 australs provided all money in circulation is backed by the Central Bank's hard currency and dollar reserves.

"It's all about a violent and magical solution without any ingredient to assure economic reactivation," said Eduardo de la Fuente, who heads the Argentine Industrial Union, the country's leading business association.

Cavallo said the government had asked Congress to rapidly approve the latest economic reform to rein in hyperinflation, reduce the fiscal deficit and deliver the country from a three-year-old recession.

Under the new system, the Central Bank is prohibited from printing more australs unless backed by increased dollar reserves.

There are an estimated 43 trillion australs circulating in Argentina, which, given the proposed exchange rate, means the Central Bank must maintain reserves of 4.3 billion dollars.

The reform came on top of a privatization scheme to rid the economy of money-guzzling state companies and other liberalizing reforms.

The austral was introduced as Argentina's currency in 1985 at a rate of par to the dollar.

Meeting on Falklands' Sovereignty Concludes

PY2303130091 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2255 GMT 3 Mar 91

[Quotation marks as received]

[Text] Buenos Aires, 22 Mar (NA)—The British and Argentine delegations, made up of diplomats and military men, concluded the fourth working group meeting today in Montevideo. They analyzed measures on the Malvinas and South Atlantic islands agreed upon in Spain in February 1990. The five points agreed upon last year in Madrid were analyzed during the two-day meeting. The Argentine Foreign Ministry released a communique stating that the meeting was held "under the formula on the sovereignty of the Malvinas, Georgias, and South Sandwich Islands and their surrounding territorial waters agreed upon by the Argentine and British Governments in a joint declaration signed on 19 October 1989."

The measures adopted during the two-day meeting in Montevideo were:

a) A "temporary system of information and reciprocal consultation" on the operation of Argentine and British Armed Forces units in the southwest Atlantic.

b) A "direct communication system."

c) Rules for the behavior of Argentine and British air and naval units operating in nearby areas.

d) Emergency procedures aimed at expediting air and maritime rescue operations in the southwest Atlantic.

e) A system for information exchange on security and control of air and maritime navigation."

During the meetings, the working group closely analyzed the measures and had a fruitful exchange of opinions on all matters. It also discussed implementation of these measures in 1990.

"Considering the importance and complexity of the matters that were discussed, the two delegations will report to their governments on the progress they have made. They will continue to review the measures in a meeting that will be held soon. The two governments will set the date for this meeting via diplomatic channels.

"The working group meeting was held in a cordial, constructive atmosphere. The delegations thanked the Uruguayan Government for its hospitality."

Central Bank President Says Country 'Bankrupt'

PY2103185691 Buenos Aires BUENOS AIRES HERALD in English 21 Mar 91 p 3

[Text] Argentina is bankrupt according to Central Bank (BCRA) president Roque Fernandez, indebted as it is to international banks and lending organizations.

However, he claimed to be optimistic that the current round of negotiations with the International Monetary Fund would lead to the extension of a new stand-by credit, saying that the two sides "are well on the way" to an agreement.

The BCRA president cited figures showing that only a small portion of credit in Argentina is available in australs, as a result of "our failure as a country to generate a solid currency."

According to his statistics, some 2.8 billion dollars worth of credit is deposited in australs, three billion dollars is held as "Argendollars", that is, deposited in dollar accounts here, and another one billion dollars worth of credit is available from the interest earned on Bonex or using the bonds as collateral.

Peronist Magazine Closed for Criticizing Menem

PY2103035691 Madrid EFE in Spanish 2026 GMT 20 Mar 91

[Text] Buenos Aires, 20 Mar (EFE)—The Argentine Federal Police early this morning seized all copies of the Peronist magazine LINEA that were ready to be distributed nationwide, LINEA chief editor Emilio Corbiere has reported.

LINEA, which for more than 12 years has supported the orthodox Peronist line and which in recent times has criticized President Carlos Menem's government, carried on its cover a picture of President Menem without a head with the title "headlessness" [acefalia].

The security forces closed the magazine offices, which are located in the same building as the Juan Peron Foundation and offices of several Peronist unions.

The Federal Police press office told EFE that it had no information on this report.

Corbiere and LINEA editor Fernando Garcia Dallacosta said they did not know who gave the order for the closure and seizure of the magazines, but they noted that the order probably came from the Interior Ministry.

The magazine had been closed twice during the military regime that ruled the country from 1976 to 1983.

Bomb Scare Delays Menem's Flight to Bariloche

PY2403205491 Buenos Aires BUENOS AIRES HERALD in English 23 Mar 91 p 11

[Excerpt] (NA-DYN)—President Carlos Menem's flight to Bariloche was delayed yesterday when Jorge Newbery Airport officials received a false warning that his plane contained a bomb.

The bomb scare forced Menem and his entourage to spend an extra hour in the military wing of the airport before they were permitted to board the plane headed for a ceremony inaugurating the new airport in San Carlos de Bariloche.

Police conducted an intensive search of the plane for the alleged bomb while Menem took the delay as an opportunity to be briefed by Economy Minister Domingo Cavallo on his new plan to dollarize the economy.

Interior Minister Julio Mera Figueroa said the government "is becoming a victim of profound psychological actions," after being told about the bomb scare. [passage omitted]

Bolivia

La Paz 'Paralyzed' by Labor Demonstrations

PY2203144491 La Paz Radio Fides in Spanish 1100 GMT 22 Mar 91

[Text] La Paz was totally paralyzed on 21 March by marches, meetings, and rallies staged by workers from the cooperative sector, the urban teachers sector, and the state banking sector and by pensioners and retired workers. Police arrested several workers who were staging a protest march through the main streets of La Paz. This information was released by COB [Bolivian Labor Federation] press secretary Ursula Goizueta.

[Begin Goizueta recording] The government has evidently once again used police and repressive forces against workers; six mining cooperative workers were arrested this morning during a peaceful march, as the public could see. They are Victor Fernandez, Miguel Lopez, Emilio Manzana, Severino Lopez, Valeriano Iquita, and Ricardo Paniagua.

As in all actions staged on the day of struggle, these workers were peacefully demonstrating. The government—despite its promise to respect demonstrators—showed that repression has once again been unleashed against workers in an effort to silence their just demands. The government will obviously fail because this morning workers once again showed that they will struggle for their demands and their just rights. [end recording]

COB leaders have said that as of today, labor mobilization will be intensified all over Bolivia.

Minister Urges Resumption of COB Talks

PY2303191491 La Paz Radio Fides in Spanish 1100 GMT 23 Mar 91

[Text] The government is willing to hold talks with the COB [Bolivian Labor Federation] and the labor minister has called for a resumption of COB-government negotiations.

Labor and Labor Development Minister Oscar Zamora Medinacelli arrived in Potosi yesterday to dedicate the headquarters of the Potosi Radio and Television Workers Union. During the ceremony, he promised to assign 20,000 Bolivianos to improve the headquarters of (Festratel).

Minister Zamora Medinacelli expressed his concern over the demonstrations being organized by the COB. From the imperial city of Potosi, he called for a resumption of COB-government talks because the government is ready for a dialogue.

[Begin Zamora Medinacelli recording] [Words indistinct] special circumstances I would like to express these points of view and make the policy being (?implemented) by us very clear. I also take this opportunity to tell the people of Potosi that the government is willing to hold talks with the workers. We have not suspended the talks with them and will not do so in the future either. We have invited the COB and its leaders to continue a constructive dialogue and discuss the problems because only through dialogue can problems (?be solved). They can only be solved through a civilized dialogue.

From the union headquarters we are now dedicating, I exhort you and invite you to resume a dialogue that will benefit all Bolivians. [end recording]

COB Workers Stage Nationwide Hunger Strike

PY2303200891

[Editorial Report] La Paz Radio Fides Network in Spanish at 1100 GMT on 23 March carries various reports on a nationwide hunger strike being staged by Bolivian workers.

In a 30-second report, the station announcer reports that this is the tenth day of a hunger strike that five Bolivian Labor Federation, COB, leaders began on 14 March. He adds that the government has not answered their socioeconomic demands.

In another 30-second report, a correspondent reports from Santa Cruz that five local labor union leaders "steadfastly continue their hunger strikes for better salaries."

In a third 30-second report, the station correspondent in Trinidad reports that Beni Technical University administrative employees and professors blocked a central downtown street in Trinidad for a few minutes to express their support for the workers' hunger strike. The correspondent adds that "although police broke up the demonstration, there were no incidents." He notes that five local COB leaders continue their hunger strikes.

In a two-and-a-half minute report, the station correspondent in Sucre reports that members of organizations under the local COB department office staged a noisy march yesterday protesting the government's lack of interest in complying with the terms of the single national list of demands and in assigning an adequate budget to the San Francisco Javier University. He adds that "a moving ceremony" took place in front of the labor union office where three members of the local COB executive board are "in their second day of voluntary hunger strikes." In a recording, a Sucre union leader states that the workers "are tired of waiting for a government decision to continue a dialogue with them."

MNR Accused of Financing Strikes, Mobilizations

PY2303134291 La Paz Television Boliviana Network in Spanish 0200 GMT 23 Mar 91

[Excerpt] Today three serious charges were made against COB [Bolivian Labor Federation] leaders Filemon Escobar, Carlos Camargo, and Rufo Rivera. Reportedly they

received $40,000 from the MNR [Nationalist Revolutionary Movement] to finance the strikes and mobilizations staged by the COB.

The morning newspaper HOY and most La Paz radio stations today reported the alleged bribe involving the MNR and the COB. A photocopy of a receipt for money signed by the three COB leaders on 3 March has been disclosed to the media. The document states that the money was delivered to them by MNR leaders Alfonso Pena Rueda, who was former labor minister under Victor Paz Estenssoro's administration, and Ernesto Machicado, current La Paz deputy.

The information minister said that this morning a Panamericana Radio Station journalist reported the news to him in a phone call. He voiced his concern about this charge on which he did not have an explicit, definitive opinion, but he warned the COB about this situation. [passage omitted]

Opposition Warned To Take Stand on Trafficking

PY2303193291 La Paz Television Boliviana Network in Spanish 0200 GMT 23 Mar 91

[Text] Information Minister Mario Rueda Pena has told opposition leaders to come to a decision on whether they are for or against drug trafficking. He made this warning when he noted that it is quite clear that the fight against drug trafficking will not be militarized nor will peasant coca growers be the target of the fight.

[Begin Rueda Pena recording] The fight will not be in the hands of the Armed Forces, it will be in the hands of the organization that has specific responsibility for this task, which is of a police nature and is something you already know about. Finally, in no way will the action be directed against the peasant producers, it will be directed against the gangs of drug traffickers operating in the country.

Therefore, we believe that in view of these statements the reiterated criticism of some opposition members is very suspicious because they attribute to us aims that we do not have and they are distorting the real objectives of the Bolivian Government's aims in the fight against drug trafficking.

And, here, there is space for a warning: If this fight is against drug trafficking and not against the peasant producers, then those who criticize us must adopt a very clear line of thought: They either support drug trafficking or they oppose it. There can be no vacillation in this case. [end recording]

Coca Producers Suspend Eradication Program

PY2203184391 La Paz EL DIARIO in Spanish 13 Mar 91 p 5

[Text] The Federation of Coca-Producing Campesinos of the Chapare [Federacion de Campesinos Productores de Coca del Chapare] and the Trade Union Confederation of Bolivian Settlers [CSCB] have ordered the suspension of the substitution and eradication of coca plantations in all the regions where it is produced following the failure of the Alternative Development Programs that are being undertaken by the government with the support of the countries that are considered to be the main consumers of cocaine.

This was announced by Julio Arce, a member of the coca commission of the Bolivian Labor Federation, COB, who stated that this decision comes as part of the labor federation's "Struggle Plan" against the government's economic policy. The plan will conclude on 28 March with an international demonstration by coca producers from Bolivia, Peru, and Colombia on the occasion of a meeting called the First Andean Encounter of Coca Producers [Primer Encuentro Andino de Productores de Coca] with the participation of delegations from Peru, Ecuador, Colombia, and Venezuela.

The suspension of the coca eradication could place in serious difficulties the government's official plans within the framework of its struggle against drug trafficking, which is largely financed by the United States in exchange for the progressive elimination of coca plantations.

According to official government reports, approximately 7,500 hectares were eradicated in 1990 and this year some 6,000 hectares were to have been destroyed so that in a period of five years only 12,000 hectares would remain. This is considered sufficient to cover the demands of traditional consumers, who are generally Altiplano campesinos.

Currently there are some 60,000 hectares of coca plantations in Bolivia. The majority of the production goes to the producers of basic cocaine, which is then refined in laboratories in Colombia, according to official police reports.

"The government has promised a lot, but up to the present time it has given very little to the campesinos who have voluntarily eradicated their coca plantations. There will be no more eradication of plantations until the government complies with its commitments," Arce stressed.

The government should have disbursed $2,000 for each eradicated hectare, in addition to giving substantial aid for the planting of other crops that are considered to be alternatives.

According to unofficial reports, coca plantations have increased recently in the northeastern part of Cochabamba Department because of the delays in the Alternative Development Programs. These new plantations are nearly the same size as the plantations that have been eradicated up to the present time.

Paz Zamora Swears In New Attorney General

PY2303003691 La Paz Television Boliviana Network in Spanish 0200 GMT 22 Mar 91

[Summary] During a ceremony at Government House 21 March, President Paz Zamora swore in Angel Valdivieso Echazu as new attorney general of the Republic.

Government Signs Oil Exploration Agreement

PY2203234891 La Paz Television Boliviana Network in Spanish 0200 GMT 21 Mar 91

[Summary] Today President Jaime Paz Zamora signed agreements with Texaco and Sun Oil for oil exploration and exploitation in Chuquisaca Department. The initial investment of $25 million may reach $100 million in seven years.

Team Created To Resolve Sociopolitical Conflicts

PY2203233691 La Paz Television Boliviana Network in Spanish 0200 GMT 22 Mar 91

[Excerpt] The government has decided to create a political cabinet [gabinete politico] that will be headed by the Interior Ministry.

This new body will be in charge of looking into political and social conflicts, according to Interior Minister Carlos Saavedra Bruno. [passage omitted]

Brazil

Man Arrested for Planning To Kill President

PY2303005691 Madrid EFE in English 2358 GMT 22 Mar 91

[Text] Brasilia, March 22 (EFE)—Brazilian President Fernando Collor de Mello's bodyguards on Friday narrowly averted an assassination attempt when they apprehended a man carrying a large knife who was standing just meters aways from the president, police said.

The incident occurred when, as every Friday, Collor de Mello approached crowds as he was leaving the presidential palace.

As the president greeted supporters, police noticed that a man, later identified as Jose Darionisio Pereira da Cruz, 22, was concealing a large knife inside a rolled-up newspaper.

Security guards protecting the president immediately grabbed and detained the man.

Wanted To 'Scare' Collor

PY2302030991 Madrid EFE in English 0220 GMT 23 Mar 91

[Text] Brasilia, March 22 (EFE)—A Brazilian who was grabbed Friday as he approached President Fernando Collor de Mello with a knife was also found to be carrying a note that read, "I do not intend to kill the president. I just want to scare him," officials said.

Justice Minister Jarbas Passarinho released the contents of the note, and said 22-year-old Jose Darionisio Pereira da Cruz would be given a medical examination to determine whether he was under the influence of drugs.

Collor de Mello's bodyguards detained Darionisio, who came to their attention because of his nervous and aggressive manner as he approached Collor de Mello outside the presidential palace, Passarinho said.

Police said Darionisio was concealing a large knife inside a rolled-up newspaper, and he was arrested just a few meters from Collor de Mello who was greeting crowds as he left the palace.

Passarinho said that after the medical examination Darionisio would be handed over to federal police.

Coffee Exports Suspended Until Further Notice

PY2203143291 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 22 Mar 91

[Text] Coffee export authorizations have been canceled as of today and until further notice. The decision, which was made by the Economy Ministry, will allow Brazil to analyze the possibility of rejoining the international coffee agreement. Brazil is not bound by the economic clauses of the agreement, which has set prices and quotas for the past two years.

Ricardo Mesquita, head of the Department of Supplies and Prices, said that the suspension of coffee exports will also prevent currency drain.

Petrobras Announces End to Oil Workers Strike

PY2203152591 Brasilia Domestic Service in Portuguese 2200 GMT 21 Mar 91

[(Nielmar de Oliveira) report from Rio de Janeiro]

[Text] The oil workers strike is over. Petrobras [Brazilian Petroleum Corporation] president Eduardo Teixeira has promised to restore to normal the supply of fuel and cooking gas nationwide within one week.

The Petrobras president said that the oil workers strike, which would have been going for 29 days this Friday [22 March], officially ended this afternoon at 1430 when the oil workers at the Alberto Pasqualini refinery in Rio Grande do Sul State went back to work.

Announcing the end of the strike, Eduardo Teixeira promised the resumption of normal production and deliveries of fuel and cooking gas within five to seven days, even in places where the situation is more critical like the interior of Sao Paulo State, Rio Grande do Sul State, and Parana State.

To this end, the enterprise will immediately implement an [word indistinct] operation for the most critical areas.

The president of the state-run enterprise also said that, in accordance with an agreement reached at the Superior Labor Court, the enterprise is reinstating 186 of the 206 oil workers who were dismissed because of the strike. The situation of the other 19 [as heard] employees who were fired will be individually studied to determine if they committed any serious infraction.

Another measure announced by the state-run enterprise involves bringing forward the implementation of a salary charges [cargos de salarios] plan from July to May and reviewing readjustment levels as long as they do not represent an overall increase in the payroll for the

enterprise. The salaries for days lost because of the strike will be discounted in five monthly installments beginning in April.

Eduardo Teixeira also announced the suspension of imports of petroleum by-products, primarily in [words indistinct]. The enterprise will recommend to the federal government, through the Infrastructure Ministry, the removal of certain restrictions from the fuel contingency plan that was implemented by the government at the outbreak of the Persian Gulf war.

Petrobras will, on Friday 22 March, begin refining 1.7 million barrels per day of petroleum by-products. Within the next few days it will be producing about 680,000 barrels per day of diesel fuel. The enterprise will set new production records within the next few weeks.

Minister Disagrees With Rezek on Atomic Research

PY2303024291 Rio de Janeiro O GLOBO in Portuguese 21 Mar 91 p 7

[Report by Monica Medeiros]

[Text] Brasilia—Navy Minister Admiral Mario Flores has disagreed with Foreign Minister Francisco Rezek's statement. Rezek said that if the United States asked the Brazilian Government to stop conducting nuclear research, Brazil would do so provided that it received something in exchange.

On 20 March Flores sent a personal letter to the Foreign Ministry, criticizing Rezek's attitude.

In his letter that was published by the O ESTADO DE SAO PAULO newspaper, Flores described Rezek's statement as untimely. He said that Rezek showed that he did not understand the matter and that he had little ability to negotiate.

What primarily disappointed Flores was the fact that Rezek's statement jeopardizes the project to build a nuclear propulsion submarine, a project the Navy considers strategic.

In his letter Flores gives a detailed explanation of the importance of mastering that technology and of the disadvantage incurred by making advanced statements on what could occur in negotiations.

Flores also said that he does not think the Navy will discontinue the project and that he never discussed the matter with the Foreign Ministry.

New Uranium Enrichment Plant Ready for Operation

PY2303233091 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Mar 91 p 9

[Report by Jose Maria Tomazela]

[Excerpts] Sorocaba—The Navy Ministry's Aramar experimental center, which is located in Ipero, 125 km from Sao Paulo, has built a new uranium enrichment facility. This facility consists of a set of 600 ultracentrifuges which specialists refer to as "minicascade," with the ability to enrich uranium to 20 percent, at a preindustrial level. [passage omitted]

The unit will be dedicated on 31 May. This information has been released by Rear Admiral Othon Luiz Pinheiro da Silva, chairman of the Special Projects Coordinating Board (Copesp), who is in charge of the research center. [passage omitted]

Pinheiro da Silva said: "Our routine work will be with the 5-percent concentration that we have obtained so far." Uranium that has been enriched to 5 percent can be used to produce electric power in reactors like that of Angra dos Reis. The enrichment process increases the concentration of uranium-235 (radioactive) in a sample of natural uranium-238, which is not radioactive.

The first minicascade at the Almirante Alvaro Alberto uranium enrichment plant, in Aramar, has 48 ultracentrifuges and produces 1.4-percent-enriched uranium. The Navy keeps its production capacity secret. [passage omitted]

According to Pinheiro da Silva, the Federal Government's "financial diet" has affected the development of the nuclear program within the originally established terms. He said the funds allocated this year amount to 25 percent of the expected total. He said: "For the nuclear fuel cycle, we have received the equivalent of $12 million (Cr 2.8 billion at the black market dollar rate)." [passage omitted]

Chile

Congress Gives President Right To Grant Pardons

PY2303185491 Santiago Radio Nacional de Chile Network in Spanish 1700 GMT 23 Mar 91

[Raul Pena report from Valparaiso]

[Excerpts] As planned, the first Congress plenum since the installation of the democratic administration has been discussing the modification to Article 9 of the Constitution, which again gives the president of the Republic full power to grant pardons. The current text of the Constitution establishes that the president cannot pardon prisoners charged with terrorist actions. [passage omitted]

Approval of the modification means that the president will be able to commute a death penalty and replace it with life imprisonment. Therefore, no one will be sentenced to death in the near future. The modification also establishes that the president can replace sentences of life imprisonment with exile. [passage omitted]

We have just been informed that the Congress plenum has ended and that the law modifying the Constitution and granting the president of the Republic full power to grant pardons has been approved by an overwhelming majority of votes.

Air Force Chief Denies Rumors of Resignation

PY2203184191 Santiago Radio Chilena Network in Spanish 1700 GMT 20 Mar 91

[Text] General Fernando Matthei today reaffirmed his willingness to resign someday from his post as commander in chief of the Air Force. He denied, however, that this decision will be made very soon, and added that reports circulating in this regard are mere speculation for which he is not responsible.

Matthei today briefly talked to the press at El Bosque Air Base where he welcomed Peruvian Air Force Commander General Armando Velarde, who is also chairman of the Peruvian Armed Forces Joint Command.

Quote: When I go, you will know about it, unquote. Matthei said several times to reporters who repeatedly asked him this question. It is mere speculation for which I am not responsible, he said, referring to reports that he communicated to the government his intention to step down from his post upon completing one year as Air Force chief under the new government.

This report has been strengthened by a recent accident the general suffered while he was piloting a glider, according to the same reports.

The general repeated: When I go, it will be for one single reason. I have full confidence in the Air Force commanders and officers and in their capabilities. He did not specify when will he retire, but said: someday, just as simple as that. I cannot tell you anything else.

Aylwin on Inflation, Matthei's Resignation Rumors

PY2203204291 Santiago Radio Nacional de Chile Network in Spanish 1100 GMT 21 Mar 91

[Graciela Contreras report from the 7th Region]

[Excerpts] The president of the Republic has said here that the adjustment policy adopted by his government has prevented a more serious inflationary process. He said this during a speech at the opening ceremony of the Maule Region International Fair. [passage omitted]

Concerning the adjustment initiative and the inflationary explosion, the head of state said:

[Begin Aylwin recording] We have serious problems. We have a low per-capita gross domestic product.

Last year's conditions held back growth but the adjustment policy saved us from the most dangerous situation; namely the unleashing of an inflationary process.

The experience among the countries of our continent, which is really a worldwide experience, is that periods of transition from authoritarian governments to democratic governments are generally filled with the implementation of populist policies that produce high inflation rates.

It was the decision of my government, from the very beginning, to prevent ourselves from falling into that situation. We can show, with satisfaction, the consumer price index figures which prove that we are managing to control inflation in a satisfactory manner. [end recording] [passage omitted]

We want to reiterate that, and add that the president of the Republic has pointed out in this regional capital [Talca] that he is unaware of the resignation of the FACh [Chilean Air Force] commander in chief which, according to some rumors, will soon be submitted by Air Force General Fernando Matthei.

Aylwin on Punishment of Human Rights Violators

PY2203190191 Santiago Radio Chilena Network in Spanish 1700 GMT 22 Mar 91

[Nelson Oteiza report from La Moneda]

[Text] President Patricio Aylwin has asserted that those responsible for the human rights violations perpetrated after 1978, when the Amnesty Law ceased to be applicable, must be punished.

The president said this at the end of a ceremony at La Moneda, during which he signed a joint declaration with visiting Uruguayan President Luis Alberto Lacalle. Asked whether he believes if the military men responsible for human rights violations will be placed at the disposal of the courts, he said:

[Begin Aylwin recording] The situation in Chile is very clear. The Amnesty Law covers violations perpetrated before 1978. This law is [word indistinct]. This law can be interpreted. I have already expressed my points of view, as a lawyer and the president of the Republic, on the correct interpretation of this law. Now, it is up to the courts to decide on its implementation.

With regard to violations perpetrated after 1978 and the court cases currently being tried by the courts, everyone in Chile knows that they must be analyzed and punished by the courts. [end recording]

Aylwin said he is very satisfied with the reaction by the various sectors of Chilean society to the Rettig Report. He added that peace can only exist if it is based on truth. He said his administration is implementing a policy aimed at isolating the terrorist groups. He pointed out that terrorists are delinquents.

During the ceremony Presidents Aylwin and Lacalle signed a joint declaration at the La Moneda Banquet Hall. Several of the bilateral agreements signed during President Lacalle's official visit to Chile were then made known. In the joint declaration, the two presidents confirmed their intention to stimulate Latin American integration and to strengthen the ties that bind the two countries.

It has also been announced that President Aylwin has accepted President Lacalle's official invitation to visit Uruguay.

Carabineros Issue Communique on Rettig Report

PY2303021691 Santiago Television Nacional de Chile Network in Spanish 2231 GMT 22 Mar 91

["Official Communique" issued by the Carabineros Forces on the Truth and Reconciliation Commission Report; read by Carabineros Director General Rodolfo Stange in Santiago—live]

[Text] Official Communique:

Regarding the recent publication of the report issued by the National Truth and Reconciliation Commission, the Carabineros deem it opportune to hereby disclose:

1. In the first place, the Carabineros of Chile hereby express their true desire to contribute to the reconciliation of all Chileans on the bases of a common, national, and historic effort;

2. The significance of the subject to which the report refers prompts our institution to express its willingness to contribute with all the practical gestures that are necessary to achieve the established goal; that is, within the framework of the law, dignity, and the respect that an institution such as the Carabineros has always enjoyed and requires to be able to continue to do its constitutional duty;

3. It should be pointed out that the incidents described by the report cannot be regarded separately from the legal, political, and social situation that prevailed before 11 September 1973—as is noted by the commission—and that their final judgement should be carried out by the pertinent bodies as established by the law currently in force. Therefore, the Carabineros reiterate that they cannot accept the individual or collective prejudgement of Carabineros personnel, be they active or retired, until enough evidence against them has been gathered by the corresponding court.

4. According to that which is expressly stated in the report's book No. 1 entitled "Political Framework," the previously mentioned situation strongly divided all national sectors and, in turn, this also threatened to divide the Armed and Carabineros Forces. Should this have been the case, quote, it could have turn the climate of civil war into a real war, unquote. Restoring the disrupted institutional order and pacifying the country became supreme aspirations of almost the entire Chilean people who insistently urged the Armed and Carabinero Forces to take over the Chilean Government. It should be reiterated today that, inspired by the most noble ideals, our institution paid heed to that demand of the mayority and participated in the military coup. The Carabineros shared the military government, a supreme responsibility which, together with the Armed Forces, the Carabineros de Chile neither sought nor aspired to.

5. The Carabineros emphatically state that they regard the right to life a supreme value which they protect with their own lives. Our tradition and doctrine have always advocated this right because every Carabineros member, in fulfilling his daily professional duties, faces death. Therefore, when faced with death, we share the sorrow of others and silently suffer our own sorrow.

6. The Carabineros of Chile hereby express the firmest support for the desire for justice, reconciliation, and common well-being for the fatherland and for each and every one of its citizens. Without discriminating and at the service of these objectives, the Carabineros have made the utmost effort by loyally fulfilling the duty to enforce the law, and to guarantee public order and internal security.

7. The institution fully supports the appeal made by his excellency Patricio Alywin Azocar, president of the Republic, to jointly make, quote, the necessary effort to heal the wounds of the past and build a future of justice, progress, and peace for Chile, unquote.

8. Finally, the Carabineros of Chile hereby express their unwavering desire to serve the public to fulfill, with high professionalism and in strict accordance with the constitution and the laws, the duties entrusted to this institution.

Today this goal continues to be realized through the chain of command observed by the institution, its strong internal unity, the high morale enjoyed by each of its members, and the normal fulfillment of its regular police duties even at times when the institution and its men are victims of serious and unjustified attacks on human rights and dignity through acts of violence and terrorism.

Thank you very much.

Colombia

Army Reports Heavy Clashes With Guerrillas

PA2403032991 Paris AFP in Spanish 0236 GMT 24 Mar 91

[Text] Medellin, 23 Mar (AFP)—Military and civilian spokesmen reported heavy fighting today between the Army and guerrillas in the northeast of Colombia. Meanwhile, guerrillas torched a helicopter serving the state-owned Ecopetrol [Colombian Petroleum Enterprise] corporation.

According to Gabriel Eduardo Gonzalez, mayor of Dabeiba, Antioquia Department, 550 km from Bogota, 300 men belonging to the Simon Bolivar Coordinating Board [CGSB] were seen in that rural area and were chased by 4th Infantry Brigade troops. Airplanes and helicopter gunships took part in the large-scale operation.

"Although access to the area is practically impossible due to the intense gunfire and the rough terrain, we know there are many wounded and even some dead," the mayor said. Several of the wounded soldiers received first aid at the local hospital before being transferred to Medellin, the official added.

Meanwhile, a CGSB guerrilla column attacked an Ecopetrol camp near Saboya, Boyaca Department, 250 km north of Bogota, setting on fire a grounded helicopter used for pipeline maintenance.

The pilot and an accompanying engineer were unharmed, added 1st Infantry Brigade sources, which sent a detachment to the area to search for the guerrillas.

The so-called CGSB comprises the Revolutuionary Armed Forces of Colombia and the Army of National Liberation.

Army Troops Dismantle FARC Camp in Sumapaz

PA2503031891 Bogota EL TIEMPO in Spanish 22 Mar 91 p 8A

[Text] On 21 March the Army dismantled a FARC [Revolutionary Armed Forces of Colombia] camp in the area of Sumapaz, in southern Cundinamarca Department. The camp could comfortably house 50 men.

The guerrilla camp was located in Laguna Guitarra, in a rural area of Sumapaz municipality. It was raided by troops of the Quimbaya No. 8 counterinsurgency battalion, under the Army's 4th Division. A Yamaha generator, a radiocommunications antenna, 15 gallons of gasoline, and a large amount of food were found in the camp.

It was learned that the camp was reportedly headed by Timoleon Jimenez, the FARC's current military chief.

This new military action in the area follows the intense battles that the Army has been waging with the FARC staff for the past 10 days. Seven guerrillas and one officer have been killed in the fighting.

Intelligence information suggests that the FARC's top leaders—Manuel Marulanda, Alfonso Cano, Raul Reyes, and Jimenez—have reportedly moved to areas north of the zones which they previously held and which are now controlled by the Army. According to the information, they are looking for a safe location in which to begin direct talks with the government.

After the military seizure of the La Uribe camps, "Tirofijo" [alias of Manuel Marulanda] and his men moved toward the region of the Papaneme River, but the troops pushed them toward southern Cundinamarca, where the organization has an effective network of peasant self-defense groups.

Government Repeats Dialogue Offer to Guerrillas

PA2403034591 Bogota Radio Cadena Nacional in Spanish 1200 GMT 23 Mar 91

[Text] The national government has once again invited the Simon Bolivar Guerrilla Coordinating Board [CGSB] to a dialogue that will lead to reestablishing peace in the country. This announcement was made yesterday by Government Minister Humberto de la Calle Lombana during a ceremony hosted by the Patriotic Union [UP] to honor the memory of Bernardo Jaramillo Ossa and Jose Antequera on the first anniversary of Jaramillo Ossa's death.

The government minister said that it is up to the CGSB to decide on the beginning of a fruitful and serious dialogue process. The minister reiterated that it is up to the guerrillas to decide if they want to join the M-19 [19 April Movement], EPL [Popular Liberation Army], Quintin Lame, and other subversive groups that have rejoined the multiparty democracy or be left behind without any popular or political support.

Meanwhile, UP President Carlos Romero proposed a bilateral truce and cease-fire by the government and the CGSB with the supervision of an international commission to begin the negotiations that will lead to peace in the country. The political leader said that the UP has reiterated to the national government and the guerrillas that it is very difficult for Colombians to understand that there are not a few square meters in the country that are suitable for holding the peace dialogue.

It was also learned that within the next few days, the UP will begin collecting signatures throughout the country calling for support to an immediate and direct negotiation between the national government and the CGSB.

Paraguay

Shooting Incident Reported at Presidential House

Reporters Fired Upon

PY2403231091 Asuncion ABC COLOR in Spanish 24 Mar 91 p 8

[Excerpts] Yesterday a soldier fired his weapon at a driver and photographer from our newspaper as they took pictures of the repair work being carried out at the presidential residence "Mburuvicha Roga" ["The Chief's House"] on Mariscal Lopez Avenue. The residence is not being used at this time. Three of the shots hit their pickup truck, which was duly identified with the ABC logo. The incident took place at about 1130. [passage ommitted]

ABC photographer Jorge Caceres and ABC driver Egidio Gimenez were detained yesterday by plainclothes officers in front of their houses and taken to the Presidential Guard quarters, the former Presidential Escort Battalion.

Caceres was arrested at about 1900—when he arrived at the Brasil Building, near the intersection of Brazil and Teniente Farina Streets—by four plainclothes policemen who, according to eyewitnesses, asked the photographer to accompany them. Gimenez was arrested in the afternoon as he arrived at his house in Loma Pyta District.

Caceres and Gimenez were taken first to the central police headquarters and then to the former Presidential Escort Battalion. [passage omitted]

Conflicting Reports Noted

PY2403234091 Asuncion ABC COLOR in Spanish 24 Mar 91 p 8

[Text] "To avoid any misunderstanding or bias over an incident that occurred this morning, the Information Directorate of the Presidency of the Republic hereby reports that at about 1145 two persons tried to enter the presidential residence (Mburuvicha Roga), on Mariscal

Lopez Avenue, but conscript guard Orlando Antonio Benitez Martinez stopped them and warned them that no one was allowed to enter the property.

The trespassers, who were later identified as Egidio Gimenez and Jorge Caceres Ferreira, tried to sidestep the guard's instructions with the false argument that they had orders from the president. They then tried to force the gate and open one of its doors. In view of this situation, the guard reacted immediately and fired warning shots, alerting his superiors.

Although the presidential residence is not being used and is under repair, it is, like any residence, private property. As such, strangers or unauthorized personnel are not allowed to trespass.

Asuncion, 23 March 1991."

Editor's Note: The communique issued by the Information Directorate of the Presidency of the Republic distorts events and is untruthful. The events took place as described in the report published on this same page. It is absolutely untrue that our fellow workers tried to enter the presidential house, because the gate is tightly closed. Photographer Caceres actually approached the iron fence because there was no guard in sight; only the masons working there could be seen. The communique's argument that the two men claimed they had authorization from the president of the Republic to carry out their job is also false. The description of them as trespassers requires no comment, as both men were using a duly identified vehicle with our newspaper's logo, and it was parked in front of the residence. It is also clear that the shots were not merely warning shots. The evidence is that the vehicle was hit by three bullets. We will comment again on these events.

Petropar Signs Agreement on Argentine Oil Supply

PY2203215091 Asuncion ABC COLOR in Spanish 21 Mar 91 p 1

[Text] The negotiations in Buenos Aires to purchase Palmar Largo oil ended with a package of overall agreements. The price of the Palmar Largo crude FOB Formosa will be the same as the Algerian oil FOB Algeria. Argentina will purchase all of the fuel oil [two preceding words given in English] after it is refined, paying international prices and will take care of the shipping. Paraguay will get a discount of 20 percent on its gas oil purchases.

The oil agreement between Argentina and Paraguay will be signed in Asuncion on 26 March within the framework of the presidential mini-summit that will give birth to the Common Market of the South (Mercosur).

The negotiation between Petropar [Paraguayan Petroleum, Inc] acting president Ubaldo Scavone and Jose Estenssoro, president of Government Oil Deposits (YPF) of Argentina, ended last night. The Paraguayan negotiator is expected back in Asuncion today.

The package of measures agreed between Scavone and Estenssoro is as follows:

1) The price of the Palmar Largo oil, FOB Formosa, will be the same as the Algerian price, FOB Algeria. Paraguay will thus obtain a $5 to $7 benefit because of savings in shipping charges.

2) YPF agrees to purchase from Petropar 100 percent of the fuel oil resulting from the refining process. YPF will pay international prices for the oil and all shipping charges.

3) Paraguay has also obtained a reduction in the price of the gas oil it purchases from Argentina as follows: The price of gas oil shipped at Dock Sud will be reduced from $161.70 to $137.00 per cubic meter; the price of gas oil shipped to San Lorenzo will be reduced from $153.32 to $128.00 per cubic meter.

4) Argentina will supply liquid propane gas at 10-percent below international prices.

5) The volume to be purchased will be 1,000 cubic meters per day (equivalent to 6,290 barrels a day), and

6) Petropar will make an initial purchase of 6,000 cubic meters of oil which will be refined so as to establish the yield.

During the talks in Buenos Aires, Estenssoro said that if Petropar had any problem with the Palmar Largo oil YPF would provide oil from Tierra del Fuego. The Tierra del Fuego light oil can be used by our country perfectly well. In this case we would have to renegotiate shipping charges in order to avoid paying too much.

This offer reassures the country that we will not have any problem with the supply of oil or other refined products.

Carlos Viggiano, Formosa hydrocarbons and mines secretary, told this newspaper yesterday that we have to bear in mind that the FOB Formosa price is the same as the FOB Algeria price and that the deal includes a gas oil and cooking gas price reductions.

Viggiano said that we also have to consider that YPF will purchase fuel oil from Petropar at international prices, paying all shipping charges. When Petropar buys Algerian oil, it has to dispose of all the fuel oil that results from the refining process.

Peru

'Nearly 89,000' Cases of Cholera Reported

PY2203140291 Madrid EFE in English 0827 GMT 22 Mar 91

[Text] Lima, March 22 (EFE)—Nearly 89,000 Peruvians have been stricken by cholera since the epidemic broke out earlier this year and 535 of them have died from the disease, according to the latest Health Ministry figures. Of the total 88,748 cases reported to date, 25,804 people have been hospitalized, but a state hospital workers strike this month has severely curtailed efforts to ensure that the victims receive treatment, a Health Ministry spokesman said Thursday [21 March].

In addition to the public health threat, bans on imports of Peruvian food have so far cost the economy around

dlrs 300 million, according to President Alberto Fujimori, who said that the disease was under control.

The official news agency Andina Thursday quoted a Customs official as saying that the Health Ministry was ignoring his pleas to pick up a shipment of medicine and serum donated by Mexico to help counter the epidemic. "The crates are left out in the open exposed to the bad weather, while hospitals and heath care centers are clamoring to receive the medicine," the official said.

EC Lifts Some Restrictions on Food Imports

PY2203171391 Madrid EFE in Spanish 2242 GMT 20 Mar 91

[All quotation marks as received]

[Text] Lima, 20 Mar (EFE)—The Peruvian Government indicated today that the EC "will shortly lift some trade restrictions" that are currently applied to imports of Peruvian fish. The restrictions are being applied because of the cholera epidemic that is affecting this country.

The Foreign Ministry communique states that the EC has authorized the free import of Peruvian fish meal. The only requirement for other fish products is a hygienic control certificate that is issued by the Public Enterprise for Fishing Certificates (Cerper).

The communique adds that the EC is maintaining its ban on the import of seafood and products derived from the informal fishing sector, which are considered to be the cause of the epidemic according to a mission that visited Peru at the beginning of the month.

Moreover, it has been learned in Brussels that the EC has imposed a waiting period until its Veterinary, Fruit, and Vegetables Committees make their decision. Until then, EC member countries can unilaterally apply the restrictions on Peruvian imports as they deem appropriate.

The official communique does not refer to the restrictions on the import of agricultural products, but it is hoped that the EC will make a decision on this next week.

The Peruvian Foreign Ministry also expresses its "satisfaction with the decision by the EC, which confirms "the optimum quality and adequate hygienic conditions of fish products, and the capability and scientific thoroughness with which the state implements its quality control function to the products that Peru exports."

It adds that the EC's decision must "be thoroughly deliberated" by the countries that maintain restrictions on the import of Peruvian foodstuffs.

The restrictions on Peruvian products were adopted by the majority of its international clients following the outbreak of a cholera epidemic some seven weeks ago. Some 80,000 people have caught cholera so far, of which 382 have died, according to official figures.

The EC and the United States, which also adopted severe restrictions, buy approximately 90 percent of Peruvian food exports, which amounted to $400 million in 1990. Official sources have estimated that this year Peru may loose between $100 and $230 million due to a drop in its exports and to a recession in the tourist industry because of the cholera epidemic.

World Food Program To Provide Assistance

PY2303181691 Lima Radio Nacional del Peru Pachacutec Network in Spanish 1200 GMT 23 Mar 91

[Text] Prime Minister Carlos Torres y Torres Lara and UN representative to Peru (Pierre Dembach) have signed an agreement within the framework of the World Food Program. The program will provide technical and financial assistance to women's organizations and food for school children and patients with dangerous diseases.

Economy Minister Reviews Adjustment Objectives

PY2303160891 Lima EL COMERCIO in Spanish 17 Mar 91 p F 1

[Interview with Economy and Finance Minister Carlos Bolona Berh by unidentified reporter on 13 March in Lima]

[Text] [Reporter] From a well-thought out perspective, what are the objectives of the historic adjustments and readjustments?

[Bolona] We want to make Peru grow and to reduce inflation by coordinating the handling of instruments and the implementation of structural reforms. We are moving from a policy of macroeconomic adjustment to a policy of macroeconomic reformulation. The entire process is integrated. Now we enter the phase of distortions [distorsiones]; from now on, we will implement a few adjustments in accordance with the decreasing inflation rate, and maintaining strict fiscal discipline, we will move toward our objectives. With regard to the logic, if we suppress foreign trade reform and increase the inflation ceiling, we will have all sorts of difficulties with the type of exchange and the interest rate. One thing is tied to the other. This is not like following a kitchen recipe. If stabilization is not consolidated, everything will collapse. This is the right moment for changes. Resources are scarce and we cannot give ourselves the right to use them in senseless activities. We must create clear policies and assign the few resources we have to promote exports and effectively replace imports. We can no longer continue having a dirty flotation [a free exchange system in which the government occasionally intervenes] without a fiscal surplus or fiscal support.

[Reporter] Why have utility rates and taxes not been readjusted? Was there not a "build up" ["embalse"]?

[Bolona] Rather than a build up, I would say that tax collection dropped partly because SUNAT [National Superintendency of Tax Administration] (before Manuel Estela became its director) did not issue regulations. Before that, people used to declare and pay whatever they pleased on their tax forms. Without regulations, revenues from the tax on business assets dropped spectacularly. We must do a good job with the general sales

tax [impuesto general a las ventas—IGV]. Regarding our expenses, the Certex [Export Certificate] is exerting a great deal of pressure on the Treasury. As for the social aspect, some progress has been made on the emergency plan. The details of this plan will be revealed by the Council of Ministers president in a briefing to Congress.

As for your question, the easiest way out was and is to increase utility rates. What we have done so far is demonstrate that we have social sensitivity. We avoided imposing a heavy utility rate increase on the people. Can there be more social sensitivity than that? We are unemotional when making decisions and we are after those who can pay. We are allowing prices to drop by reducing import taxes and eliminating nontariff barriers. For the first time, the government has the consumer in mind. This does not mean we are forgetting the industrialists; we think the economy and exports will be reactivated and there will be more employment. More employment means better distribution of income, but consumers are the great majority. [sentence as published]

[Reporter] What about the business sector's high expenses?

[Bolona] We have done and are doing many things. We began reducing port expenses by eliminating the the Maritime Labor Control Commission and by cutting the privileges of port workers who were being paid $2,000 per month without working and using "points" and "counterpoints" ["puntos" y "contrapuntos"]. The port workers were earning four times more than the average international rate. Breaking up this monopoly, which was installed in the country in—I think—1935, was a first step.

[Reporter] Is the exchange rate also included?

[Bolona] As you know, the exchange rate is distorted. The liberation of the exchange market is meant to gradually correct this. The reduction of import tariffs was not designed to affect the exchange rate. It is not an extreme reduction of tariffs, but it will help.

[Reporter] What can you tell us about current interest rates?

[Bolona] In effect, they are too high, but they will drop along with inflation and as a result of good handling of market liquidity. The important thing is that inflation must drop and interest rates will follow suit. We cannot determine interest rates by decree. It will not solve the problem.

Besides, we have established four concrete measures to help exporters and industrialists. These measures are: 1) a significant reduction of customs duties; 2) the elimination of all customs restrictions, including additional or hidden costs; 3) a reduction of customs office taxes, elimination of discretionary application of regulations by customs officers, administrative simplification, elimination of the system of selective official prices on which taxes were paid, and reduction of those taxes to help reduce tax evasion; and 4) reduction of port restrictions. We have eliminated four important factors hindering exports. We have also broadened application of the system of temporary admission for all exporters and we will allow tax deductions. It would not be correct to say that we are not helping business become competitive.

[Reporter] What about the issue of energy?

[Bolona] We have to be fair. In the past, businessmen benefited from subsidized credits, subsidized energy, subsidized foreign exchange, subsidies to help them export, and import prohibitions. What did the majority of them do? Did they prepare to export more and better? Did they change? No. They participated in the country's economic breakdown. They must bear the effects of the corrections. I dare say some of them made rather astronomical profits during that time. I repeat, we have to be fair. We have a level of costs that we must gradually reduce. I think, however, that gasoline should not be cheap in this country. In Hong Kong, for instance, gasoline is very expensive but the state is efficient on the international level. Oil is a nonrenewable resource that has to be used very carefully. People abused past subsidies. I do not think the complaints are fair. Opportunities were lost.

[Reporter] Are the exporters or industrialists right when they ask for more time to adapt to the new measures?

[Bolona] We cannot waste any more time. We have to move decisively and rapidly. I have been hearing about industrial transformation since 1973 when I was working in the Integration Department, but nothing has been done. Very few people did anything about it. Now we have to pursue a more thorough adjustment program.

[Reporter] Will there be closures of factories and shops, as rumored?

[Bolona] I think people exaggerate the number of businesses that may close. The previous customs duty structure tried to favor those that were worse off. The entire export industry, including the mining sector, was not protected. The only firms that were really protected were those directed at the internal market. The group that may be affected by the measures represents 18 percent of the GDP and 9 percent of the work force. Many of those firms have natural protection (cement, beer, bricks). We are talking about a minimum effective customs duty of 30 or 50 percent. The conclusion is that the firms that could eventually have problems do not represent more than 6 percent of the GDP or 3 percent of the work force. This sector could be transformed. We are giving them an opportunity to reduce their labor costs. Besides, we will provide more jobs in the service sector.

In sum, 60 percent of the industrial activity will not be affected by a customs duty of 15 percent and they employ two-thirds of the work force. No one will close. They all have the capacity to react.

[Reporter] Why the fixed idea on customs duties?

[Bolona] Because it represents a drastic change in foreign trade policy, giving very clear signals to production

activities. It will also consolidate stability and cut excessive profit margins. All that will favor the population at large. Besides, I believe the export sector has a capacity to react and quickly gear up production. People did not want to invest because they did not see clear signals. Today they have clear signals. Those who want to work in the internal market will have to be efficient. This means more employment, more foreign currency, and more distribution of wealth. Customs duties are just a mechanism for assigning resources, the main purpose of which is efficiency. It is basic. It is not a mechanism designed just to collect.

[Reporter] I have never seen such unanimity on tax administration reform!

[Bolona] I, myself, was amazed. Everybody told me the consensus was jail for tax evaders. Everybody has supported the idea. Some debated whether it was true or asked if it would be upheld. Nobody criticized it; everybody agreed. I repeat that not paying taxes should be considered a crime, more so with the current poverty.

[Reporter] How will you catch the offenders?

[Bolona] I will ask the heads of professional associations to help me in this task. The first evidence is shocking and should prick the consciences of taxpayers who do not report their true income.

[Reporter] Is it true that fear brought about an increase in revenues?

[Bolona] On Sunday [10 March] you published the future activities of Sunat and on Monday, something unprecedented happened, 6 billion intis were collected by the Treasury for tax payments.

[Reporter] What is the answer for those who ask for salary increases?

[Bolona] That is very important. We have done the reverse. There was no raising of state-administered rates, but a short-term impact on the clear trend toward lower prices. Real incomes will rise. During the period of the "big packages" the nominal salary shrunk or ended up with a real loss.

Rather than the nominal salary, one should take into account the fact that lower customs duties and costs mean increased real salaries. This is very clear. We have helped workers improve their real salaries. Prices are already coming down.

Today they are hurt by the dollar and everything.

[Reporter] Well, but you did not have to deal with the more difficult period!

[Bolona] That is right. Whoever took the economy minister's job in August had to correct the imbalances. I respect Juan Carlos Hurtado Miller for his courage. He had no choice.

I will tell you a story. A painter who was working in my house confessed to me that he was surprised prices did not go up; he had stocked up on edible oil and other goods. He speculated and lost.

[Reporter] Do you not believe he was just looking out for himself?

[Bolona] Perhaps, but it was not what they thought.

[Reporter] Will the privatization program be quick or slow?

[Bolona] A look around the world shows that the process is slow. We have looked at the cases of Mexico, Argentina, Chile, and even, Great Britain. In the case of Peru, the first, great step has been taken. The legal framework is well thought out and flexible and offers many possibilities.

[Reporter] What about ENCI [National Enterprise for Industrial Marketing] and Ecasa [Rice Marketing Enterprise]?

[Bolona] We are going to eliminate ENCI. That is the idea. We are studying the best way to do it. ENCI, for instance, is charging $25 per ton to cover expenses and make a profit, and it was giving Frasa (Agrarian Reactivation Fund) $1 per ton of wheat. And, they have over 4,000 people. Moreover, we will protect farmers through the dumping [preceding word in English] mechanism.